


Client Code: VARIOUS

**RECORDATION FORM COVER SHEET
PATENTS ONLY**

To the Director, U.S. Patent and Trademark Office: Please record the attached original documents or copy thereof.

<p>1. Name of conveying party(ies): (List using letters or numbers for multiple parties)</p> <p>Alure Medical, Inc.</p> <p>Additional name(s) of conveying party(ies) attached?</p> <p>() Yes (X) No</p>	<p>2. Name and address of receiving party(ies):</p> <p>Name:</p> <p>Internal Address: See Attached</p> <p>Street Address: Exhibit A</p> <p>City: State: ZIP:</p> <p>Additional name(s) of receiving party(ies) attached?</p> <p>(X) Yes () No</p> <p>*RESUBMISSION - PLEASE SEE DOCUMENT #700462444</p>
<p>3. Nature of conveyance:</p> <p>() Assignment (X) Security Agreement</p> <p>() Merger () Change of Name</p> <p>() Other:</p> <p>Execution Date: (List as in section 1 if multiple signatures)</p> <p>1. April 14, 2011</p> <p>2. April 14, 2011</p> <p>3. April 14, 2011</p> <p>4. April 14, 2011</p> <p>5. April 14, 2011</p>	<p>4. US or PCT Application number(s) or US Patent number(s):</p> <p>() Patent Application No.: See Attached</p> <p>Filing Date: Exhibit B</p> <p>Additional numbers attached?</p> <p>(X) Yes () No</p>
<p>5. Party to whom correspondence concerning document should be mailed:</p> <p>Customer No. 20,995</p> <p>Address: Knobbe, Martens, Olson & Bear, LLP 2040 Main Street, 14th Floor Irvine, CA 92614</p> <p>Return Fax: (949) 760-9502</p> <p>Attorney's Docket No.: ALURE.001A, ALURE.003A, ALURE.004A, ALURE.005A, ALURE.005C1</p>	<p>6. Total number of applications and patents involved: 5</p>
<p>7. Total fee (37 CFR 1.21(h)): \$200</p> <p>(X) Authorized to be charged to deposit account</p>	<p>8. Deposit account number: 11-1410</p> <p>Please charge this account for any additional fees which may be required, or credit any overpayment to this account.</p>
<p>9. Statement and signature.</p> <p>To the best of my knowledge and belief, the foregoing information is true and correct, and any attached copy is a true copy of the original document.</p> <p><u>Bryan Wahl</u> Name of Person Signing</p> <p>58,878 Registration No.</p> <p> Signature</p> <p><u>6/6/11</u> Date</p> <p>Total number of pages including cover sheet, attachments and document: 23</p>	

Documents transmitted via Facsimile to be recorded with required cover sheet information to:

Mail Stop Assignment Recordation Services
 Director, U.S. Patent and Trademark Office
 P.O. Box 1450
 Alexandria, VA 22313-1450
 Facsimile Number: (571) 273-0140

PATENT

700464637

REEL: 026407 FRAME: 0362

Exhibit A

1. EDF Ventures III, Limited Partnership
425 North Main Street
Ann Arbor, MI 48104
2. EDF Ventures III Sidecar, Limited Partnership
425 North Main Street
Ann Arbor, MI 48104
3. EDF Ventures III Healthcare Opportunity Fund,
Limited Partnership
425 North Main Street
Ann Arbor, MI 48104
4. Robert D. Lashinski and
Jody Lynn Lashinski, Trustees
Or Successor Trustee of the Lashinski Living Trust
U/A/D January 7, 1996
9519 Mill Station Road
Sebastopol, CA 95472
5. Joshua A. Siegel 2003 Revocable Trust
36 Pine Street
Exeter, NH 03833

EXHIBIT B

Attorney Docket:
Patent Application No.:
Filed:

ALURE.001A
11/782,839
7/25/2007

Attorney Docket:
Patent Application No.:
Filed:

ALURE.003A
11/866,985
10/03/2007

Attorney Docket:
Patent Application No.:
Filed:

ALURE.004A
12/400,751
3/09/2009

Attorney Docket:
Patent Application No.:
Filed:

ALURE.005A
12/611,038
11/02/2009

Attorney Docket:
Patent No.:
Issued:

ALURE.005C1
7,837,613
11/23/2010

Alure Medical, Inc.

SECURITY AGREEMENT

Dated: April 14, 2011

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SECURITY AGREEMENT

THIS SECURITY AGREEMENT ("Security Agreement") is made this 14 day of April 2011, by and between Alure Medical, Inc. ("Debtor"), a Delaware corporation, whose address is set forth on Exhibit B, and the Secured Parties listed on Exhibit A (individually, a "Secured Party" and together, the "Secured Parties").

RECITALS

A. Debtor has entered into a Senior Secured Convertible Promissory Note Purchase Agreement ("Purchase Agreement") with the Secured Parties dated April 14, 2011.

B. Pursuant to the Purchase Agreement, the Secured Parties have loaned money to Debtor in a first tranche, and may loan additional money to Debtor in a second tranche. In connection with the Secured Parties' loans, Debtor has issued to each Purchaser a Senior Secured Convertible Promissory Note and will issue additional Senior Secured Convertible Promissory Notes if the second tranche is funded (together, the "Notes"). Exhibit A shall be amended to reflect the second tranche Notes if the second tranche is funded.

AGREEMENT

1. DEFINITIONS.

1.1 "Agent" means Michael R. DeVries or his successor as provided at Section 10.1.

1.2 "Collateral" means all of the personal property of Debtor, wherever located, and now owned or hereafter acquired, together with all proceeds from that personal property, including:

- (a) Accounts;
- (b) Chattel paper (tangible and electronic);
- (c) Inventory;
- (d) Equipment (excluding leased equipment not owned by Debtor);
- (e) Instruments;
- (f) Investment Property;
- (g) Documents;
- (h) Deposit accounts;
- (i) Promissory Notes;
- (j) Letters of credit;
- (k) Letter-of-credit rights;

- (l) Payment intangibles;
- (m) Goods;
- (n) Software;
- (o) Cash;
- (p) Commodity contracts;
- (q) Health care insurance receivables;
- (r) Supporting obligations; and

(s) General intangibles, including any and all intellectual property such as patents, copyrights, trademarks and inventions and licenses to use them. This includes, but is not limited to: United States Patent number 7,837,613 titled "Minimally Invasive Tissue Support System and Method With a Superior Tissue Support and Inferior Anchor"; United States patent application number 11/866,985 titled "Minimally Invasive Tissue Support"; United States patent application number 12/400,751 titled "Minimally Invasive Tissue Support"; United States patent application number 11/782,839 titled "Nonaugmentive Mastopexy"; United States patent application number 12/611,038 entitled "Minimally Invasive Tissue Support System and Method with a Superior Tissue Support Inferior Anchor"; and all other inventions for which patent applications have been granted or are pending with the United States Patent and Trademark Office, as well as any inventions for which Debtor files a patent application after the date of this Security Agreement.

1.3. "**Obligations**" means the obligations secured under this Security Agreement, including:

- (a) Debtor's obligations under the Purchase Agreement, the Notes, and this Security Agreement;
- (b) The repayment of (i) any amounts that a Secured Party may advance or spend for the maintenance or preservation of the Collateral and (ii) any other reasonable expenditures that a Secured Party may make under the provisions of this Security Agreement;
- (c) All amounts owed under any modifications, renewals or extensions of any of the foregoing obligations; and
- (d) Any of the foregoing that arises after the filing of a petition by or against Debtor under the United States Bankruptcy Code ("**Bankruptcy Code**"), even if the obligations do not accrue because of the automatic stay under Bankruptcy Code §362 or otherwise.

1.4. "**Permitted Liens**" has the meaning provided in the Purchase Agreement.

1.5. "**UCC**" means the Uniform Commercial Code ("**UCC**"), as adopted by the State of Delaware. Any term used in the UCC and not defined in this Security Agreement, has the meaning given to the term in the UCC.

2. GRANT OF SECURITY INTEREST.

2.1 Grant. Debtor grants a continuing security interest in the Collateral to the Secured Parties to secure the payment or performance of the Obligations. Each Secured Party shall participate in the security interest in the Collateral ratably, based on the amount of funds advanced to Debtor by each Secured Party as a Purchaser under the Purchase Agreement.

2.2 Priority. The Secured Parties are granted a first priority security interest in all of the Collateral, subject to Permitted Liens.

3. PERFECTION OF SECURITY INTEREST.

3.1 Filing of Financing Statement. Debtor authorizes the Secured Parties to file a financing statement (the "Financing Statement") with the State of Delaware, describing the Collateral.

3.2 USPTO. Debtor authorizes the Secured Parties to record with the United States Patent and Trademark Office ("USPTO") the Secured Parties' security interest hereunder in any patents and trademark registrations applied for or owned by Debtor. Debtor covenants and agrees that if Debtor files any new applications with the USPTO, or is granted any patent or trademark application while this Security Agreement is still in effect, Debtor, upon a Secured Party's request, will file with the USPTO those documents and that information necessary to reflect the Secured Parties' security interest in the same.

3.3 Possession. Debtor shall have possession of the Collateral.

3.4 Control. Upon an Event of Default (as defined in Section 7 of this Security Agreement), Debtor will cooperate with the Secured Parties in obtaining control with respect to Collateral consisting of:

- (a) Deposit Accounts;
- (b) Investment Property;
- (c) Letter-of-credit rights; and
- (d) Electronic chattel paper.

3.5 Marking of Chattel Paper. Debtor will not create any Chattel Paper without placing a legend on the Chattel Paper acceptable to Secured Party indicating that Secured Party has a security interest in the Chattel Paper.

4. POST-CLOSING COVENANTS AND RIGHTS CONCERNING THE COLLATERAL.

4.1 Inspection. The Secured Parties may inspect any Collateral in Debtor's possession, at any time upon reasonable notice.

4.2 Personal Property. The Collateral shall remain personal property at all times. Debtor shall not affix any of the Collateral to any real property in any manner which would change its nature from that of personal property to real property or to a fixture.

4.3 **Secured Party's Collection Rights.** Upon an Event of Default (as defined in Section 7 of this Security Agreement), a Secured Party shall have the right at any time to enforce Debtor's collection rights against the Debtor's account debtors and obligors.

4.4 **No Disposition of Collateral.** Until the Obligations are paid in full, the Secured Parties do not authorize, and Debtor agrees not to:

- (a) Make any sales or leases of any of the Collateral, except in the ordinary course of business and for the disposition of worn out or obsolete equipment;
- (b) License any of the Collateral, except in the ordinary course of business; or
- (c) Grant any security interest in any of the Collateral other than Permitted Liens.

4.5 **Purchase Money Security Interests.** To the extent Debtor uses the loan proceeds to purchase Collateral, Debtor's payment of the Notes shall apply on a "first-in-first-out" basis so that the portion of the loan proceeds used to purchase a particular item of Collateral shall be paid in the chronological order the Debtor purchased the Collateral.

4.6 **Assumed Names.** Any business conducted by Debtor under an assumed name with respect to the Collateral shall be subject to this Security Agreement and any Collateral now or hereafter owned by Debtor under an assumed name shall be subject to the security interest granted by this Security Agreement.

4.7 **Ownership; No Liens.** Debtor shall preserve the Collateral free and clear of all taxes, liens, claims and security interests other than in favor of the Secured Parties, except for Permitted Liens. Debtor shall defend the Collateral against all claims of anyone claiming an interest therein or tax or lien thereon.

4.8 **Financing Statements, Titles, Etc.** Immediately upon request of a Secured Party, at any time, Debtor shall execute and deliver to the Secured Parties all financing statements, security agreements, applications for certificates of title and other instruments and documents which the Secured Party may request for the purpose of implementing or confirming the terms of this Security Agreement, all of which shall be in a form satisfactory to the Secured Party. Debtor hereby irrevocably appoints Agent as Debtor's true and lawful attorney, with full power of substitution, in the name of Debtor, to execute and file, or to file unsigned, at any time, any financing statement, continuation statement or amendments thereto, which Agent deems necessary or convenient to protect, perfect or maintain the security interests and liens granted to the Secured Parties, to the extent that the Debtor's authorization given in this Security Agreement is not sufficient to file such financing statements, with or without Debtor's signature, or a photocopy of this Security Agreement in substitution for a financing statement, as Agent may deem appropriate and to execute in Debtor's name such financing statements and amendments thereto and continuation statements which may require Debtor's signature.

4.9 **Identification of Collateral.** Upon demand of a Secured Party, Debtor shall mark any or all Collateral in a manner sufficient to identify the security interest of the Secured Parties.

4.10 **Collateral and Business Records.** All records and information maintained by Debtor with respect to the Collateral and all other information set forth in any writing now or

hereafter furnished to the Secured Parties by Debtor shall be true and correct as of the date furnished. All financial statements and data furnished to the Secured Parties shall be prepared in accordance with generally accepted accounting principles, consistently applied, and shall fairly present the financial condition of Debtor as of the dates, and the results of its operations for the periods, for which the same are furnished to the Secured Parties. Debtor shall maintain accurate and complete records of the Collateral. All records of Debtor relating to the Collateral, its account debtors and any of the Debtor's financial affairs shall be maintained by Debtor at its chief executive office and shall not be removed therefrom without the prior written approval of the Secured Parties.

4.11 **Compliance with Law.** Debtor shall not use the Collateral for any unlawful purpose or in violation of any statute or ordinance.

4.12 **Taxes and Charges.** Debtor shall promptly pay when due all taxes, assessments, fees, licenses and charges upon or necessary for the use or operation of the Collateral.

4.13 **Inspection.** The Secured Parties may take any actions reasonably necessary or convenient to ascertain the existence, condition and value of the Collateral. Debtor shall permit a representative of the Secured Parties to visit and inspect any of the properties and facilities of Debtor and examine, copy (by electronic or other means) and abstract any of Debtor's records relating to the Collateral at least once per quarter, as requested by a Secured Party.

4.14 **Reimbursement.** The Secured Parties may immediately take any action or pay any sum required to be done or paid by Debtor under this Agreement if the Secured Parties, in their discretion, determine that it is necessary or convenient to do so in order to protect, preserve or maintain the Collateral or the rights of the Secured Parties therein. The amount of such payment or the cost of doing such act shall be immediately paid by Debtor to the Secured Parties, shall be added to the Obligations secured hereby, and shall bear interest at the highest rate specified in any of the Obligations secured hereby from the date incurred by the Secured Parties until paid. No act done or amount paid by the Secured Parties under this Section shall be deemed to constitute a waiver of any default of Debtor.

4.15 **Indemnity.** In addition to payment of the Obligations, Debtor agrees to indemnify, pay and hold harmless the Secured Parties and any holder of any of the Obligations, and the officers, directors, trustees, partners, employees, agents and affiliates of the Secured Parties and such holders (collectively called the "Indemnitees") from and against any and all obligations, losses, damages, penalties, actions, judgments, suits, claims, costs (including, without limitation, settlement costs), expenses or disbursements of any kind or nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnitee shall be designated a party thereto), which may be imposed on, incurred by, or asserted against that Indemnitee, in any manner relating to or arising out of this Security Agreement, the Obligations, the Secured Parties' relationship with Debtor, the use or intended use of the proceeds of any of the Obligations or any environmental matter (the "Indemnified Claims"); provided that Debtor shall have no obligation to an Indemnitee with respect to Indemnified Claims if it has been determined by a final decision (after all appeals and the expiration of time to appeal) by a court of competent jurisdiction that such Indemnified Claims arose primarily from the gross negligence or willful misconduct of that Indemnitee. To the extent that the undertaking to indemnify, pay and hold harmless set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy,

Debtor shall contribute the maximum portion which it is permitted to pay and satisfy under applicable law, to the payment and satisfaction of all Indemnified Liabilities incurred by the Indemnitees or any of them.

5. DEBTOR'S REPRESENTATIONS AND WARRANTIES. Debtor warrants and represents that:

5.1 Title to and Transfer of Collateral. It has rights in or the power to transfer the Collateral and its title to the Collateral is free of all adverse claims, liens, security interests and restrictions on transfer or pledge, except: (a) as created by this Security Agreement; and (b) Permitted Liens.

5.2 Location of Collateral. All Collateral consisting of goods is located solely in the States listed in Exhibit B.

5.3 Location, State of Organization and Name of Debtor. Debtor's:

- (a) Chief executive office is located in the State identified in Exhibit B;
- (b) State of organization is the State identified in Exhibit B; and
- (c) Exact legal name is as set forth in the first paragraph of this Security Agreement, and Exhibit B.

6. DEBTOR'S COVENANTS. Until the Obligations are paid in full, Debtor agrees that it will:

6.1 Preserve its existence and not, in one transaction or a series of related transactions, merge into or consolidate with any other entity, or sell all or substantially all of its assets, except in accordance with the terms of the Purchase Agreement or Notes and then only with prior written notice to Agent.

6.2 Not change the state in which it was organized/formed; and

6.3 Not change its name without providing the Secured Parties with 30 days' prior written notice.

7. EVENTS OF DEFAULT. The occurrence of any of the following shall, upon the affirmative vote of holders of over 50% of the aggregate principal amount of the Notes then outstanding, be an "Event of Default":

7.1 Any default by Debtor under any material term of the Purchase Agreement, the Notes, or any of the other Obligations;

7.2 Debtor's failure to comply with any of the material provisions of, or the incorrectness of any representation or warranty contained in this Security Agreement, the Purchase Agreement, the Notes, or in any of the other Obligations;

7.3 The transfer or disposition of any of the Collateral, other than in the ordinary course of business, prior to the payment in full of the Obligations, except as expressly permitted

by this Security Agreement or in a prior written consent of holders of over 50% of the aggregate principal amount of the Notes then outstanding;

7.4 The attachment, execution or levy on any of the Collateral, except with respect to those liens and encumbrances disclosed or allowed in the Purchase Agreement, including, without limitation, the Permitted Liens; or

7.5 Debtor voluntarily or involuntarily becomes subject to any proceeding under (a) the Bankruptcy Code or (b) any similar remedy under state statutory or common law, and if such proceeding is involuntary, such proceeding is not dismissed or terminated within 60 days of commencement thereof.

8. DEFAULT COSTS.

8.1 If an Event of Default occurs, Debtor will pay all costs reasonably incurred by the Secured Parties for the purpose of enforcing their rights hereunder, including:

- (a) Costs of foreclosure;
- (b) Costs of obtaining money damages; and
- (c) The fees of attorneys employed by Secured Parties for any purpose related to this Security Agreement or the Obligations, including consultation, drafting documents, sending notices or instituting, prosecuting or defending litigation.

9. REMEDIES UPON DEFAULT.

9.1 General. Upon any Event of Default, the Secured Parties, through the Agent, may pursue any remedy available at law (including those available under the provisions of the UCC), or in equity to collect, enforce or satisfy any Obligations then owing, whether by acceleration or otherwise.

9.2 Remedies. Upon any Event of Default, the Secured Parties, through the Agent, shall have the right to pursue any of the following remedies separately, successively or simultaneously:

- (a) File suit and obtain judgment and, in conjunction with any action, seek any ancillary remedies provided by law, including levy of attachment and garnishment.
- (b) Take possession of any Collateral if not already in its possession without demand and without legal process. Upon demand, Debtor will assemble and make the Collateral available to the Secured Parties as directed. Debtor grants to each Secured Party the right, for this purpose, to enter into or on any premises where Collateral may be located.
- (c) Without taking possession, sell, lease or otherwise dispose of the Collateral at public or private sale.

9.3 Agent's Appointment as Attorney-in-Fact for Debtor.

- (a) Appointment; Powers. Debtor irrevocably appoints Agent, with full of substitution, as Debtor's true and lawful attorney-in-fact with full irrevocable power and

authority in the Agent's discretion, for the purpose of carrying out the terms of this Security Agreement, to exercise any of the rights and remedies granted to Secured Parties under this Security Agreement, and to take any and all other appropriate action and to execute any and all assignments, documents, and instruments that may be necessary or desirable to effectuate the assignment of the Collateral to Secured Parties or as otherwise necessary or desirable to implement the Secured Parties' rights under this Security Agreement.

(b) **Powers Coupled With an Interest.** All powers, authorizations, and agencies contained in this Security Agreement with respect to the Collateral are irrevocable and powers coupled with an interest. Debtor ratifies all that Agent shall lawfully do or cause to be done by virtue of this power-of-attorney.

9.4 **Pro Rata Participation in Proceeds.** Any sale, lease or other disposition of the Collateral by Secured Parties shall be on behalf of and for the benefit of the Secured Parties. If the proceeds are insufficient to satisfy the Obligations in full, the proceeds shall be divided among the Secured Parties pro rata, based on the amount of principal and accrued interest then outstanding on the Notes

10. **SECURED PARTY REPRESENTATIVE.**

10.1 **Appointment.** Each Secured Party agrees that Agent is appointed to act as Secured Party's exclusive agent to enforce the rights granted by this Security Agreement and the UCC with respect to the Collateral, including the right to protect the Collateral and to foreclose on the Collateral. Upon a vote of holders of over 50% of the aggregate principal amount of the Notes then outstanding, the person serving as Agent may be removed as Agent and a substitute Agent may be appointed. In no event shall Debtor be required to deal with more than one representative of the Secured Parties in connection with the enforcement of the Secured Parties' rights under this Security Agreement.

10.2 **Power of Attorney.** Each Secured Party appoints Agent, with full power of substitution, to serve as Secured Party's true and lawful attorney-in-fact, with the power and authority to act in Secured Party's name, place and stead, and on Secured Party's behalf, and for Secured Party's use and benefit, to make, execute, deliver, acknowledge, certify, affirm, swear to, file and/or record any document required to protect and preserve the Collateral, Secured Party's interest in the Collateral and foreclosure on the Collateral.

10.3 **Limitation on Default Costs.** Debtor's obligation under Section 8 to pay for costs incurred by the Secured Parties as a result of an Event of Default is limited to the obligation to pay for those expenses incurred by or authorized by Agent as agent for the Secured Parties.

10.4 **Limitation on Liability.** Agent shall not be liable to any Secured Party for any action that Agent takes under this Agreement so long as Agent acted in good faith and without gross negligence. Agent is entitled to be indemnified out of the proceeds from the sale or other disposition of the Collateral from all losses, costs, and expenses, including attorney's fees, which may be incurred by Agent as a result of Agent's involvement in any litigation arising from the performance of Agent's duties as Agent under this Section 10, provided that such litigation shall not have resulted from any action taken or omitted by Agent for which Agent shall have been adjudged to have acted in bad faith or to have been grossly negligent. Each Secured Party agrees to return any proceeds already received by Secured Party as necessary to pay any indemnification owed to Agent under this Section 10.5.

10.5 **Release of Security Interest.** Each Secured Party authorizes Agent to execute on Secured Party's behalf, a release of Secured Party's security in the Collateral, in the event that Debtor has performed all of the Obligations owed to that Secured Party, or in the event that holders of over 50% of the aggregate principal amount of the Notes then outstanding otherwise agree to release the security interest in the Collateral granted under this Security Agreement.

11. **FORECLOSURE PROCEDURES.**

11.1 **No Waiver.** No delay or omission by Agent or a Secured Party to exercise any right or remedy accruing upon any Event of Default shall: (i) impair any right or remedy, (ii) waive any default or operate as an acquiescence to the Event of Default, or (iii) affect any subsequent default of the same or of a different nature.

11.2 **Notices.** Agent shall give Debtor such notice of any private or public sale as may be permitted by the UCC.

11.3 **Condition of Collateral.** Agent has no obligation to clean-up or otherwise assemble, prepare or process the Collateral for sale.

11.4 **No Obligation to Pursue Others.** Agent has no obligation to attempt to satisfy the Obligations by collecting them from any other person liable for them and Agent may release, modify or waive any collateral provided by any other person to secure any of the Obligations, all without affecting the Secured Parties' rights against Debtor. Debtor waives any right it may have to require the Secured Parties to pursue any third person for any of the Obligations.

11.5 **Compliance with Other Laws.** Agent may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

11.6 **Warranties.** Agent may sell the Collateral without giving any warranties as to the Collateral. Agent may specifically disclaim any warranties of title or the like. This procedure will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

11.7 **Purchases by a Secured Party.** If a Secured Party purchases any of the Collateral being sold at a foreclosure sale, the Secured Party may pay for the Collateral by crediting some or all of the Obligations of the Debtor owed to the Secured Party making the purchase, in lieu of paying a cash purchase price.

11.8 **No Marshaling.** Agent has no obligation to marshal any assets in favor of Debtor, or against or in payment of the Obligations.

11.9 **Collateral Sold on Credit.** If Agent sells any of the Collateral upon credit, Debtor will be credited only with payments actually received by the Secured Parties. If a purchaser of the Collateral fails to pay for the Collateral, Agent may resell the Collateral, and Debtor will be credited with the proceeds of the sale when received by the Secured Parties.

11.10 **Proceeds of Collateral.** Proceeds of any collection or disposition by Agent of any of the Collateral may be applied by Agent first to the reasonable expenses of retaking, conserving, collecting (by suit or otherwise) or disposing of (by sale or otherwise) the Collateral, including reasonable attorneys' fees and legal expenses incurred, and then to the satisfaction of all the Obligations secured hereby, as provided at Section 9.4. After such application and any

further application required by law, Agent will account to Debtor for any surplus and Debtor shall remain liable to the Secured Parties for any deficiency.

12. MISCELLANEOUS.

12.1 Assignment

(a) Binds Assignees. This Security Agreement shall bind and shall inure to the benefit of the successors and assigns of each Secured Party and shall bind all persons who become bound as a debtor to this Security Agreement.

(b) No Assignments by Debtor. The Secured Parties do not consent to any assignment of the rights and obligations under this Security Agreement by Debtor except as expressly provided in this Security Agreement.

(c) Secured Party Assignments. Each Secured Party may assign its rights and interests under this Security Agreement. If an assignment is made, Debtor shall render performance under this Security Agreement to the assignee. Debtor waives and will not assert against any assignee any claims, defenses or set-offs which Debtor could assert against a Secured Party except defenses that cannot be waived.

12.2 Severability. Should any provision of this Security Agreement be found to be void, invalid or unenforceable by a court of competent jurisdiction, that finding shall only affect the provisions found to be void, invalid or unenforceable and shall not affect the remaining provisions of this Security Agreement.

12.3 Notices. Any notice required or permitted by this Security Agreement shall be in writing and shall be deemed sufficient upon receipt, when delivered personally or by courier, overnight delivery service or confirmed facsimile or electronic mail, or three business days after being deposited in the U.S. mail as certified or registered mail with postage prepaid, if the notice is addressed to the party to be notified at the party's address or facsimile number as set forth below or as subsequently modified by written notice.

To Debtor: The address set forth on Exhibit B
Attention: Chief Executive Officer

To a Secured Party: The address set forth on Exhibit A

To Agent: Michael R. DeVries
c/o EDF Ventures, LLC
425 N. Main Street
Ann Arbor, MI 48104
FAX: 734-663-7358
E-MAIL: mdevries@edfvc.com

12.4 Headings. Section headings used in this Security Agreement are for convenience only. They are not a part of this Security Agreement and shall not be used in construing it.

12.5 **Governing Law.** This Security Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law.

12.6 **Rules of Construction.** Except as otherwise indicated in the context, as used in this Security Agreement:

- (a) No reference to "proceeds" in this Security Agreement authorizes any sale, transfer, or other disposition of the Collateral by Debtor;
- (b) "Includes" and "including" are not limiting and should be deemed to be followed by the words "without limitation";
- (c) "Or" is not exclusive;
- (d) "All" includes "any" and "any" includes "all";
- (e) Each pronoun includes the same pronoun in other numbers or another gender, and each noun includes the same noun in other numbers;
- (f) All references to "Sections" and "Exhibits" refer to Sections and Exhibits of this Security Agreement; and
- (g) "Party" or "parties" refer to the parties to this Security Agreement.

12.7 **Integration and Modifications.**

(a) This Security Agreement is the entire agreement of the Debtor and the Secured Parties concerning its subject matter, provided however, that if any provision of the Purchase Agreement is in conflict with this Security Agreement, the Purchase Agreement shall be controlling.

(b) This Security Agreement may be amended with the written consent Debtor and holders of over 50% of the aggregate principal amount of the Notes then outstanding.

12.8 **Waiver.** Any party to this Security Agreement may waive in writing the enforcement of any provision to the extent the provision is for such party's benefit.

12.9 **Further Assurances.** Debtor agrees to execute any further documents, and to take any further actions, reasonably requested by a Secured Party to evidence or perfect the security interest granted herein, to maintain the first priority of the security interest, or to effectuate the rights granted to the Secured Parties herein.

12.10 **Term.** This Security Agreement shall be effective as of the date hereof and shall continue in effect until and shall terminate upon the earlier to occur of: (a) the conversion of all of the Notes pursuant to their terms; (b) payment in full of all of the Notes; or (c) termination agreed to in writing by holders of over 50% of the aggregate principal amount of the Notes then outstanding.

THE PARTIES HAVE SIGNED THIS SECURITY AGREEMENT as of the date stated above.

DEBTOR:


ALURE MEDICAL, INC.

By: 

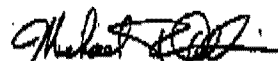
Randall Lashinski, CEO

ALURE MEDICAL, INC**SECURITY AGREEMENT**Dated April 14, 2011**COUNTERPART SIGNATURE PAGE****INITIAL PURCHASERS:**


EDF VENTURES III, LIMITED PARTNERSHIP
By: Enterprise Ventures III, Limited Partnership,
General Partner
By: EDM III, Inc., its General Partner


By: _____
Michael R. DeVries, Vice President

EDF VENTURES III SIDECAR, LIMITED PARTNERSHIP
By: Enterprise Ventures III Sidecar, Limited Partnership, General Partner
By: EDM III Sidecar, Inc., its General Partner


By: _____
Michael R. DeVries, Vice President

EDF VENTURES III HEALTHCARE OPPORTUNITY FUND, LIMITED PARTNERSHIP
By: Enterprise Healthcare Ventures III, Limited Partnership, General Partner
By: EDF Ventures, LLC


By: _____
Michael R. DeVries, Managing Member

ALURE MEDICAL, INC

SECURITY AGREEMENT

Dated April 14, 2011

COUNTERPART SIGNATURE PAGE

LASHINSKI LIVING TRUST W/A/D 1/7/96

By:

Robert B. Lashinski, Trustee

ALURE MEDICAL, INC

SECURITY AGREEMENT

Dated April 14, 2011

COUNTERPART SIGNATURE PAGE

JOSHUA A. SIEGEL 2003 REVOCABLE TRUST

By: 

Joshua A. Siegel, Trustee

Exhibit B**Debtor Information**

Debtor legal name is: **Alure Medical, Inc.**

Debtor's state of organization is: **Delaware**

The address of Debtor's chief executive office is: **3637 Westwind Blvd., Suite B, Santa Rosa,
California 95403**

The states in which Debtor's Collateral is located: **California**

Debtor's EIN: **87-0804174**