

05-18-1998



100712566

JULY

5/8/98

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

1. Name of conveying party(ies):
PolyMedica Industries, Inc.

Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State
 Other _____

Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies):
Name: John Hancock Mutual Life Insurance Company
Internal Address: _____
Street Address: 200 Clarendon Street
City: Boston State: MA ZIP: 02116

Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State Massachusetts
Other _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:

Assignment Merger
 Security Agreement Change of Name
 Other _____

Execution Date: January 20, 1993 and January 21, 1993

4. Application number(s) or patent number(s):

A. Trademark Application No.(s)
75/409,327
75/409,328

B. Trademark Registration No.(s)

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Alan H. Fried, Esquire
Internal Address: Volpe and Koenig, P.C.
400 One Penn Center
Street Address: 1617 John F. Kennedy Blvd.
City: Philadelphia State: PA ZIP: 19103

6. Total number of applications and registrations involved:..... 2

7. Total fee (37 CFR 3.41).....\$ 65.00
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:
22-0493; for overpayment or under payment. Our Order No. 526
(Attach duplicate copy of this page if paying by deposit account)

05/15/1998 TTON11 00000248 75409327
01 FC:481 40.00 BP
02 FC:482 25.00 BP

DO NOT USE THIS SPACE

9. Statement and signature.
To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Allan H. Fried Allan H. Fried MAY 5, 1998
Name of Person Signing Signature Date

Reg. No. 31,253 Total number of pages including cover sheet, attachments, check, and post card: 45

SECURITY AGREEMENT

THIS AGREEMENT, dated as of the ____ day of _____, 1993, by and between [PolyMedica Pharmaceuticals (U.S.A.), Inc., a Massachusetts corporation/PolyMedica Pharmaceuticals (Puerto Rico), Inc., a Delaware corporation], having its principal place of business at Two Constitution Way, Woburn, Massachusetts 01801 (the "Company"), and John Hancock Mutual Life Insurance Company (the "Secured Party").

W I T N E S S E T H :

WHEREAS, pursuant to that certain Note and Warrant Agreement dated the date hereof (as amended from time to time, the "Note Agreement"), the Secured Party has agreed, subject to the terms and conditions set forth therein, to purchase (a) \$25,000,000 aggregate principal amount of the 10.65% Guaranteed Senior Secured Notes due January 31, 2003 of the Company and PolyMedica Pharmaceuticals [(U.S.A.)/(Puerto Rico)], Inc. (together with any notes issued in exchange therefor or replacement thereof, the "Notes") and (b) Warrants for 500,000 (subject to adjustment) shares of Common Stock, \$0.01 par value, of PolyMedica Industries, Inc. (together with any warrants issued in exchange therefor or replacement thereof, the "Warrants"); and

WHEREAS, the obligation of the Secured Party to purchase the Notes and the Warrants is subject to the condition, among others, that the Company shall execute and deliver this Agreement and grant the security interest hereinafter described;

NOW, THEREFORE, in consideration of the willingness of the Secured Party to purchase the Notes and the Warrants, and for other good and valuable consideration, receipt of which is hereby acknowledged, it is hereby agreed as follows:

1. Security Interest. As security for the Secured Obligations described in section 2 hereof, the Company hereby grants to the Secured Party a security interest in and lien on all of the tangible and intangible personal property and fixtures of the Company, including, without limitation, the property described below, whether now owned or existing, or hereafter acquired or arising, wherever located, together with any and all additions, accessions and attachments thereto and

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substitutions, replacements, proceeds (including, without limitation, insurance proceeds) and products thereof (hereinafter referred to collectively as the "Collateral"):

(a) all inventory, goods, merchandise, raw materials, supplies, goods in process, finished goods and other tangible personal property held by the Company for processing, sale or lease or furnished or to be furnished by the Company under contracts of service or to be used or consumed in the Company's business, including, without limitation, any which is used in connection with the design, development and manufacture of urological drugs, pediatric products and other related goods and products manufactured by the Company (the foregoing items in this clause (a) being sometimes herein referred to collectively as "Inventory");

(b) all accounts, accounts receivable and notes, drafts, acceptances and other instruments representing or evidencing a right to payment for goods sold or leased or for services rendered whether or not earned by performance (the foregoing items in this clause (b) being sometimes herein referred to collectively as "Accounts Receivable"), as well as all right, title and interest of the Company in the goods which have given rise thereto, including the right of stoppage in transit;

(c) all general intangibles of the Company, including without limitation, goodwill and all present and future intellectual property rights of the Company (collectively, the "Intellectual Property Collateral"), including, without limitation, the following:

(i) each of the trademarks, trademark applications and registrations and trade names, together with the goodwill appurtenant thereto, owned, held (whether pursuant to a license or otherwise), used or which the Company has a bona fide intent to use, in whole or in part, in conducting its business (including, without limitation, the trademark registrations and applications referred to on Schedule I attached hereto) and (A) all renewals thereof; (B) all income, royalties, damages and payments due and/or payable with respect thereto, including, without limitation, damages and payments for past or future infringements thereof; (C) the right (but not the obligation) to sue for past, present and future infringements thereof or bring opposition, cancellation and concurrent use proceedings with respect thereto and (D) all rights corresponding thereto throughout the world (the

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foregoing trademarks, trademark applications and registrations, and trade names, together with the goodwill appurtenant thereto, as well as the items described in clauses (A) through (D), are sometimes referred to, individually and/or collectively, as the "Trademarks");

(ii) each of the patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein of the Company (including, without limitation, the patent and patent applications referred to on Schedule II attached hereto), and (A) all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof; (B) all income, royalties, damages and payments now or hereafter due and/or payable with respect thereto, including, without limitation, damages and payments for past or future infringements thereof; (C) the right (but not the obligation) to sue for past, present and future infringements thereof or bring interference proceedings with respect thereto and (D) all rights corresponding thereto throughout the world (the foregoing patents and patent applications, together with the items described in clauses (A) through (D), are sometimes referred to, individually and/or collectively, as the "Patents");

(iii) each of the copyrights and applications for registration of copyrights of the Company (including, without limitation, the copyrights and applications therefor referred to on Schedule III attached hereto), and (A) all renewals thereof; (B) all income, royalties, damages and payments now or hereafter due and/or payable with respect thereto, including, without limitation, damages and payments for past or future infringements thereof; (C) the right (but not the obligation) to sue for past, present and future infringements thereof and (D) all rights corresponding thereto throughout the world (the foregoing copyrights and applications, together with the items described in clauses (A) through (D), are sometimes referred to, individually and/or collectively, as the "Copyrights");

(iv) all documents and things in the Company's possession or subject to its control, related to the production and sale by the Company, or any Subsidiary of the Company, contractor or licensee, of products sold by or under the authority of the Company in connection with the Trademarks, Patents or Copyrights or otherwise, including, without limitation, (A) all

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books, records, invoices, fulfilled purchase orders, manufacturing know-how, formulas, production records, manufacturing processes, quality control records, finished product specifications, packaging supplies specifications, product registrations, records relating to the invention, formulation, adoption and use of the Patents, Trademarks and/or Copyrights or any products of the Company, including, without limitation, records of sales and advertising of products sold under or in association with the Patents, Trademarks and/or Copyrights, marketing plans, sales records and histories, market research data, promotional, advertising and marketing materials, customer lists, label and shipping carton dies, designs, films, artwork, photography, mechanical art, color separations, prints, plates and graphic materials, new drug applications and abbreviated new drug applications filed by the Company (or any predecessor of the Company) with the United States Food and Drug Administration and inventory records; (B) any and all records and written materials used or held for use in connection with the invention, formulation, manufacture, packaging, shipment, advertising or sale of products of the Company; and (C) all lists and ancillary documents which identify and describe the Company's customers, dealers or distributors of products sold in connection with the Trademarks, Patents or Copyrights, including name, address, credit, payment, discount, delivery and other applicable sale terms, together with detailed information setting forth the total purchases, by brand, product, style and size and the patterns of such purchases;

(v) all agreements (including license and franchise agreements), products, service specifications, documents, and operating, production and quality control manuals relating to or used in the design, manufacture, production, delivery, provision and sale of products or services manufactured under the Patents or sold under or in connection with the Trademarks or the Copyrights;

(vi) all documents and agreements relating to the identity and locations of all sources of supply, all terms of purchase and delivery, for all materials, components, raw materials and other supplies and services used in the manufacture, production, provision, delivery and sale of products or services under or in connection with the Patents, Trademarks or Copyrights;

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(vii) all agreements and documents constituting or concerning the present or future, current or proposed advertising and promotion by the Company of products or services sold under or in connection with the Patents, Trademarks or Copyrights;

(viii) all rights and interests pursuant to licensing or other contracts in favor of the Company pertaining to common law and statutory trademark, service marks, trade names, slogans, labels, trade secrets, patents, copyrights, corporate names, company names, business names, fictitious business names, trademark or service mark registrations, trade dresses, designs, logos, trade styles, applications for trademark registration and any other indicia of origin presently or in the future owned or used by third parties to the extent allowed by such license or other contract; and

(ix) all other things which reflect the goodwill of the Company, including, without limitation, trade secrets, operating methods, formulas, processes, know-how and the like;

(d) all of the Company's certificates of public convenience and necessity, franchises, licenses, permits and authorizations from any governmental authority (including, without limitation, the United States Food and Drug Administration);

(e) all of the Company's rights under agreements, documents, instruments, contracts and leases, including, without limitation, the Webcon Agreements and each other agreement referred to in any of the Operative Agreements, including those listed on Exhibit 5.9 to the Note and Warrant Agreement;

(f) all debts, obligations and liabilities in whatever form owing to the Company and all other rights of the Company to the payment of money from any Person, including, without limitation, amounts due from Affiliates, all tax refunds of every kind and nature, including loss carryback refunds, insurance proceeds, manufacturing agreements and all rights to deposits or advance payments,

(g) all of the Company's chattel paper, documents and instruments (whether negotiable or non-negotiable);

(h) all guaranties and securities for any of the foregoing;

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(i) all of the Company's equipment, machinery, fixtures, furniture, office supplies and vehicles (including, without limitation, the equipment listed in Schedule IV attached hereto);

(j) all customer lists, files, records (including without limitation computer programs, disks, tapes and related electronic data processing media) and writings of the Company or in which the Company has an interest in any way relating to the foregoing property and all rights of the Company to retrieval from third parties of electronically processed and recorded information pertaining to any of such property; and

(k) all securities, notes, bills and all other instruments of the Company, including any which now or hereafter may be issued by any Subsidiary of the Company, whether now existing or hereafter created, including, without limitation, the shares of capital stock (the "Pledged Stock") and the promissory notes (the "Pledged Notes"), if any, of any such Subsidiary (the "Issuer") listed on Schedule V attached hereto (the Pledged Stock, the Pledged Notes and any additional securities, notes, bills and other instruments being sometimes hereinafter referred to collectively as the "Pledged Collateral").

In addition to, and not by way of limitation of, the grant of a security interest in and lien on the Collateral, including, without limitation, the Intellectual Property Collateral, pursuant to this section 1, effective and conditioned upon demand for repayment of any of the Secured Obligations and/or upon the occurrence of an Event of Default (as defined in section 6), such default not having previously been remedied, cured or waived in writing in accordance with the Note Agreement, the Company hereby assigns, grants, sells, conveys, transfers and sets over to the Secured Party for its benefit all of the Company's right, title and interest in and to the Collateral, including, without limitation, the Intellectual Property Collateral, including the Patents, Trademarks and Copyrights and the goodwill appurtenant thereto.

The Pledged Collateral (together with all necessary endorsements and stock powers) has been deposited with the Secured Party this day.

2. Secured Obligations. The security interest hereby granted shall secure equally and ratably the due and punctual

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payment and performance of the following liabilities and obligations (collectively, the "Secured Obligations"):

(a) principal of and premium (including, without limitation, the Make Whole Amount), if any, and interest on the Notes; and

(b) any and all other obligations of the Company, PolyMedica Pharmaceuticals [(U.S.A.)/(Puerto Rico)], Inc. and/or PolyMedica Industries, Inc. to the Secured Party under the Note Agreement or under any of the other Operative Agreements or under any other agreement, document or instrument relating thereto, all as amended from time to time.

3. Special Warranties and Covenants of the Company. The Company hereby represents and warrants to and covenants and agrees with the Secured Party that:

(a) The Company is the owner of and has good and marketable title to the Collateral free from any Lien, other than those arising hereunder and under the other Security Documents, and the Company will defend the Collateral against all claims and demands of all Persons at any time claiming the same or any interest therein.

(b) The address shown at the beginning of this Agreement is the principal place of business of the Company. The Company's only additional places of business and the only additional locations of any Collateral are listed in Schedule VI attached hereto. Except as set forth on Schedule VI attached hereto, during the five years ended on the date hereof, the Company has not conducted any business or sold any goods under any name (including any fictitious business or trade name) other than its legal name as set forth at the beginning of this Agreement. The Company will not change its principal or any other place of business, or the location of any Collateral, or make any change in its names or conduct business operations under any fictitious business or trade name, without, in any such case, giving at least thirty (30) days' prior written notice thereof to the Secured Party. The Company's records concerning the Collateral are and will be kept only at the address shown at the beginning of this Agreement as the principal place of business of the Company (as it may be changed as described in this section 3(b)). The aggregate fair market value of the Collateral located in Texas and Maryland (which consists exclusively of Inventory) does not exceed \$200,000 in either case.

(c) Except as permitted by the Note Agreement, the Company will not sell or otherwise dispose of any of the

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Collateral or any interest therein (other than sales of inventory in the ordinary course of business) nor will the Company create, assume, incur or suffer to exist any Lien of any kind (whether senior, pari passu or subordinate) on the Collateral, other than those arising hereunder and under the other Security Documents.

(d) The Company will keep the Collateral in good order and repair and adequately insured at all times in accordance with the provisions of the Note Agreement. To the extent required by the Note Agreement, the Company will pay and discharge promptly as they become due and payable all taxes, assessments and other governmental charges or levies imposed upon it or its income or upon any of its properties, real, personal or mixed, or upon any part thereof, including, without limitation, the Collateral or any part of the Collateral, as well as all claims of any kind (including claims for labor, materials and supplies) which if unpaid might by law become a Lien or charge upon its property. In the event of any failure of the Company to comply with the foregoing, the Secured Party may (i) act as attorney for the Company in obtaining, adjusting, settling and cancelling any insurance and endorse any drafts and apply any amounts collected or received under any policies of insurance to the Secured Obligations in such order of priority as the Secured Party in its discretion may determine and (ii) discharge any taxes, assessments or other governmental charges or levies or any other security interests or encumbrances to which any Collateral is at any time subject, and the Company agrees to reimburse the Secured Party on demand for any payments made or expenses incurred by the Secured Party pursuant to the foregoing authorization and any unreimbursed amounts shall constitute Secured Obligations for all purposes hereof.

(e) The Company will promptly make, execute, acknowledge and deliver and file and record in all proper offices and places, including, without limitation, the U.S. Patent and Trademark Office and the U.S. Copyright Office, such financing statements, continuation statements, certificates, collateral agreements and other agreements, documents or instruments as may be necessary to perfect or from time to time renew the security interest granted hereby, including, without limitation, those that may be necessary to perfect a security interest in any additional Collateral hereafter acquired by the Company or in any replacements or proceeds thereof, and the Company will take all such action as may be deemed necessary or advisable by the Secured Party to carry out the intent and purposes of this Agreement or for assuring and confirming to the

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Secured Party the grant or perfection of a security interest in the Collateral, including, without limitation, the Intellectual Property Collateral. To the extent permitted by law, the Company authorizes and appoints the Secured Party to execute such financing statements, continuation statements, certificates, collateral agreements and other agreements, documents and instruments in its stead, with full power of substitution, as the Company's attorney-in-fact. To the extent permitted by law, the Company further agrees that a carbon, photographic or other reproduction of a security agreement, financing statement or continuation statement is sufficient as a financing statement under this Agreement.

(f) The Company agrees that if any warehouse receipt or receipt in the nature of a warehouse receipt is issued with respect to any of the Inventory or other Collateral, such warehouse receipt or receipt in the nature thereof shall not be "negotiable" (as such term is used in Section 7-104 of the Uniform Commercial Code as in effect in any relevant jurisdiction or under other relevant law). If, notwithstanding the foregoing, any negotiable warehouse receipts or other negotiable documents are issued with respect to any of the Inventory or other Collateral, all such instruments shall be immediately endorsed to the order of the Secured Party and delivered to the Secured Party to be held by the Secured Party as Collateral hereunder.

(g) Upon the occurrence of any Event of Default, such default not having previously been remedied, cured or waived in writing in accordance with the Note Agreement, the Secured Party may notify or may require the Company to notify (and after any such notification the Company shall cause) account debtors obligated on any or all of the Accounts Receivable to make payment directly to the Secured Party.

(h) The Company will specifically assign to the Secured Party all federal government contracts and will cooperate with the Secured Party in giving notice of such assignment pursuant to the federal Assignment of Claims Act. The Company will cooperate with the Secured Party in providing such further information with respect to contracts with any state, other unit of local government or agency as the Secured Party may require and will provide such instruments of further assurance with respect to such contracts as the Secured Party may require. No contract of the Company with any such government or agency is material.

(i) The Company hereby constitutes and appoints the Secured Party its true and lawful attorney, irrevocably,

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with full power, upon the occurrence of any Event of Default, such default not having previously been remedied, cured or waived in writing in accordance with the Note Agreement, in the name of the Company or otherwise, at the expense of the Company and without notice to or demand upon the Company, to act, require, demand, receive, compound and give acquittance for any and all monies and claims for monies due or to become due to the Company under or arising out of the Collateral, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Secured Party may deem to be necessary or advisable to protect the interests of the Secured Party, which appointment as attorney is coupled with an interest. Without limiting the generality of the foregoing, the Secured Party shall have full power: (i) to demand, collect, receive payment of, receipt for, settle, compromise or adjust, and give discharges and releases in respect of any of the Collateral, including, without limitation, any Pledged Collateral and/or any Accounts Receivable; (ii) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect and/or to enforce any other rights in respect of any of the Collateral, including, without limitation, any Pledged Collateral and/or any Accounts Receivable; (iii) to defend any suit, action or proceeding brought against the Company with respect to any of the Collateral, including, without limitation, any Pledged Collateral and/or any Account Receivable; (iv) to settle, compromise or adjust any suit, action or proceeding described in clause (ii) or (iii) above, and, in connection therewith, to give such discharges or releases as the Secured Party may deem appropriate; (v) to endorse checks, notes, drafts, acceptances, money orders, bills of lading, warehouse receipts or other instruments or documents, including, without limitation, those relating to any of the Pledged Collateral and/or those evidencing or securing the Accounts Receivable or any of them; (vi) to receive, open and dispose of all mail addressed to the Company and to notify the post office authorities to change the address of delivery of mail addressed to the Company to such address, care of the Secured Party, as the Secured Party may designate; and (vii) generally to sell, assign, transfer, pledge, make any agreement in respect of or otherwise deal with the Collateral, including, without limitation, any Pledged Collateral and/or any Account Receivable or the goods which have given rise thereto, as fully and completely as though the Secured Party were the absolute owner thereof for all purposes.

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(j) The powers conferred on the Secured Party by this Agreement are solely to protect any interest of the Secured Party and shall not impose any duty upon the Secured Party to exercise any such power, and if the Secured Party shall exercise any such power, such exercise by the Secured Party shall not relieve the Company of any default and the Secured Party shall be accountable only for amounts that it actually receives as a result thereof. The Secured Party shall be under no obligation to take steps necessary to preserve the rights in or to collect any sums due in respect of any Collateral against any other Person but may do so at its option. Subject to the provisions of section 5, the Secured Party may at its option transfer at any time to itself or to its nominee any securities held as Collateral hereunder and receive the income thereon and hold the same as Collateral hereunder. Without limiting the generality of the foregoing, the Secured Party assumes no liabilities of the Company with respect to any claim or claims regarding the Company's ownership or purported ownership, or rights or purported rights arising from, the Collateral, including, without limitation, the Intellectual Property Collateral (or any portion thereof), or any use, license, or sublicense thereof, whether arising out of any past, current or future event, circumstance, act or omission or otherwise. All of such liabilities shall be exclusively borne by the Company. All expenses incurred in connection with the application, protection, maintenance, renewal or preservation of any of the Collateral, including, without limitation, the Intellectual Property Collateral, shall be borne by the Company.

(k) The Company shall indemnify and hold harmless the Secured Party for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements (including attorneys' fees) of any kind whatsoever which may be imposed on, incurred by or asserted against the Secured Party in connection with or in any way arising out of or relating to the Collateral or this Agreement.

(l) None of the property of the Company consists of fixtures. It is the intention of the parties hereto that none of the Collateral shall become fixtures and the Company will take such action as may be necessary to prevent any of the Collateral from becoming fixtures. Without limiting the generality of the foregoing, the Company will, if requested by the Secured Party, use its best efforts to obtain waivers of lien, in form satisfactory to the Secured Party, from each Person (including lessors) having any interest in the real property on which any of the Collateral is or is to be located.

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with full power, upon the occurrence of any Event of Default, such default not having previously been remedied, cured or waived in writing in accordance with the Note Agreement, in the name of the Company or otherwise, at the expense of the Company and without notice to or demand upon the Company, to act, require, demand, receive, compound and give acquittance for any and all monies and claims for monies due or to become due to the Company under or arising out of the Collateral, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Secured Party may deem to be necessary or advisable to protect the interests of the Secured Party, which appointment as attorney is coupled with an interest. Without limiting the generality of the foregoing, the Secured Party shall have full power: (i) to demand, collect, receive payment of, receipt for, settle, compromise or adjust, and give discharges and releases in respect of any of the Collateral, including, without limitation, any Pledged Collateral and/or any Accounts Receivable; (ii) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect and/or to enforce any other rights in respect of any of the Collateral, including, without limitation, any Pledged Collateral and/or any Accounts Receivable; (iii) to defend any suit, action or proceeding brought against the Company with respect to any of the Collateral, including, without limitation, any Pledged Collateral and/or any Account Receivable; (iv) to settle, compromise or adjust any suit, action or proceeding described in clause (ii) or (iii) above, and, in connection therewith, to give such discharges or releases as the Secured Party may deem appropriate; (v) to endorse checks, notes, drafts, acceptances, money orders, bills of lading, warehouse receipts or other instruments or documents, including, without limitation, those relating to any of the Pledged Collateral and/or those evidencing or securing the Accounts Receivable or any of them; (vi) to receive, open and dispose of all mail addressed to the Company and to notify the post office authorities to change the address of delivery of mail addressed to the Company to such address, care of the Secured Party, as the Secured Party may designate; and (vii) generally to sell, assign, transfer, pledge, make any agreement in respect of or otherwise deal with the Collateral, including, without limitation, any Pledged Collateral and/or any Account Receivable or the goods which have given rise thereto, as fully and completely as though the Secured Party were the absolute owner thereof for all purposes.

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4. Special Provisions Concerning Intellectual Property Collateral. Without limiting the generality of the other provisions of this Agreement, the Company hereby represents and warrants to and covenants and agrees with the Secured Party, as follows:

(a) The Company hereby represents and warrants to and covenants and agrees with the Secured Party that:

(i) a true and complete list of all United States trademark registrations, patents and copyrights owned, held (whether pursuant to a license or otherwise) or used by the Company, in whole or in part, in conducting its business is set forth in Schedules I, II and III, respectively, attached hereto;

(ii) each and every Trademark in use is subsisting and none of the Trademarks, Patents or Copyrights have been adjudged invalid or unenforceable, in whole or in part, and the Company is not aware of any claim by any other Person that any of the Trademarks, Patents or Copyrights is invalid or unenforceable;

(iii) to the best of the Company's knowledge, each and every Trademark, Patent and Copyright is valid and enforceable;

(iv) no claim has been made that the use of any of the Trademarks or Copyrights or the practice of any of the Patents does or may violate the rights of any other Person;

(v) the Company is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Trademarks, Patents and Copyrights, free and clear of any Lien, express or implied, other than those created by this Agreement, and no other Person has any license or other right with respect to any of the Trademarks, Patents, Copyrights or any other Intellectual Property Collateral, other than the Webcon Sellers pursuant to the Webcon Support Agreements;

(vi) to the best of the Company's knowledge, there is no infringement or unauthorized use of any of the Patents, Trademarks and/or Copyrights;

(vii) the Company has the unqualified right to enter into this Agreement and perform its terms; and

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Event of Default, such default not having previously been remedied, cured or waived in writing in accordance with the Note Agreement, the Secured Party may take any or all of the following actions: (i) declare the entire right, title and interest of the Company in and to the Intellectual Property Collateral vested in the Secured Party, in which event such right, title and interest shall immediately vest in the Secured Party, in which case the Secured Party shall be entitled to exercise the power of attorney granted hereby to execute, cause to be acknowledged and notarized and record said absolute assignment; (ii) take and use and/or sell the Intellectual Property Collateral (or any portion thereof) and the goodwill of the Company's business represented thereby (or by any portion thereof) and the right to carry on the business and use the assets of the Company in connection with which the Intellectual Property Collateral (or any portion thereof) has been used; (iii) bring suit to enforce the Trademarks, Patents and/or Copyrights or any of the other Intellectual Property Collateral and/or any licenses thereunder or other rights with respect thereto; (iv) direct the Company to refrain, in which event the Company shall refrain, from using the Intellectual Property Collateral (or any portion thereof) in any manner whatsoever, directly or indirectly; (v) direct the Company to change, in which event the Company shall change, the Company's corporate name to eliminate therefrom any use of any Intellectual Property Collateral (or any portion thereof) and (vi) direct the Company to execute, in which event the Company shall execute, such other and further documents that the Secured Party may request to further confirm the provisions hereof and to transfer to the Secured Party ownership of the Intellectual Property Collateral in the U.S. Patent and Trademark Office, the U.S. Copyright Office and/or any other agency or office. Upon request of the Secured Party, the Company also shall make available to the Secured Party, to the extent within the Company's power and authority, such individuals then in the Company's employ to assist in the production, advertisement and sale of the products and services sold under the Trademarks, Copyrights and Patents, such individuals to be available to perform their prior functions on the Secured Party's behalf and to be compensated at the expense of the Company.

5. Special Provisions Concerning the Pledged Collateral. Without limiting the generality of the other provisions of this Agreement, the Company hereby represents and warrants to and covenants and agrees with the Secured Party as follows:

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(a) The Pledged Collateral is and shall be at all times duly and validly pledged with the Secured Party in accordance with law. The Pledged Stock constitutes all of the presently issued and outstanding capital stock of the Issuer. If any additional shares of capital stock of any class of the Issuer or if any promissory notes of the Issuer or other securities of the Issuer are acquired by the Company after the date hereof, and/or if any shares of capital stock of any class of any other Subsidiary of the Company or if any promissory note or other securities of any such other Subsidiary of the Company are acquired by the Company after the date hereof, the same shall constitute Pledged Collateral and shall be deposited and pledged with the Secured Party simultaneously with such acquisition. The Company will not consent to or approve the issuance of any additional shares of capital stock of any class of the Issuer (or any other issuer of any Pledged Collateral), except for the issuance of additional shares of capital stock to the Company as permitted by and in accordance with the terms of the Note Agreement, provided that all such additional shares of capital stock shall be deposited and pledged with the Secured Party simultaneously with such issuance.

(b) In case, upon the dissolution, winding up, liquidation or reorganization of the Issuer (and/or any other issuer of any Pledged Collateral), whether in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors or any other marshalling of the assets and liabilities of the Issuer (and/or any other issuer of any Pledged Collateral), or otherwise, any sum shall be paid or any property shall be distributed upon or with respect to any of the Pledged Collateral, such sum shall be paid over to the Secured Party to be held as additional Pledged Collateral. In case any stock dividend shall be declared on any of the Pledged Collateral, or any share of stock or fraction thereof shall be issued pursuant to any stock split involving any of the Pledged Collateral, or any distribution of capital (excluding ordinary cash dividends) shall be made on any of the Pledged Collateral, or any property shall be distributed upon or with respect to the Pledged Collateral pursuant to recapitalization or reclassification of the capital of the Issuer (and/or any other issuer of any Pledged Collateral), the shares or other property so distributed shall be delivered to the Secured Party to be held as additional Pledged Collateral.

(c) Upon the occurrence of any Event of Default, such default not having previously been remedied, cured or

Exhibit 1C

waived in writing in accordance with the Note Agreement, but subject to the provisions of the Uniform Commercial Code or other applicable law, (i) the Secured Party may cause all or any of the Pledged Collateral to be transferred into its name or into the name of its nominee or nominees and (ii) the Secured Party shall be entitled (A) to exercise the voting power with respect to any of the Pledged Collateral, (B) to receive and retain, as Collateral, any and all dividends or other distributions at any time and from time to time declared or made upon any of the Pledged Collateral, (C) to exercise any and all rights of payment, conversion, exchange, subscription or any other rights, privileges or options pertaining to any of the Pledged Collateral as if it were the absolute owner thereof, including, without limitation, the right to exchange, at its discretion, any and all of the Pledged Collateral upon the merger, consolidation, reorganization, recapitalization or other readjustment of the Issuer (and/or any other issuer of any Pledged Collateral), and/or (D) upon the exercise of any such right, privilege or option pertaining to any of the Pledged Collateral, and in connection therewith, to deposit and deliver any and all of the Pledged Collateral with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as the Secured Party may determine, all without liability except to account for property actually received; provided that the Secured Party 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.

6. Events of Default. The Company shall be in default under this Agreement upon the occurrence of an Event of Default (as defined or provided in the Note Agreement).

7. Rights and Remedies. Upon the occurrence of any Event of Default, such default not having previously been remedied, cured or waived in writing in accordance with the Note Agreement, the Secured Party shall have the following rights and remedies:

(a) all rights and remedies provided by law, including, without limitation, those provided by the Uniform Commercial Code;

(b) all rights and remedies provided in this Agreement; and

(c) all rights and remedies provided in the Note Agreement, the other Operative Agreements or in any other

Exhibit 1C

agreement, document or instrument pertaining to any of the Secured Obligations.

8. Right to Dispose of Collateral, etc. Without limiting the scope of section 7 hereof, upon the occurrence of any Event of Default, such default not having previously been remedied, cured or waived in writing in accordance with the Note Agreement, the Secured Party shall have the right and power to take possession of all or any part of the Collateral and, in addition thereto, the right to enter upon any premises on which all or any part of the Collateral may be situated and remove the same therefrom and the Secured Party may sell, resell, assign and deliver, or otherwise dispose of any or all of the Collateral, for cash and/or credit, in one or more parcels, at any exchange or broker's board, or at public or private sale and upon such terms and at such place or places and at such time or times and to such Persons (including, without limitation, the Secured Party), to the extent permitted by law, as the Secured Party deems expedient, all without demand for performance by the Company or any notice or advertisement whatsoever except as may be required by this Agreement or by law. The Secured Party may require the Company to make all or any part of the Collateral (to the extent the same is moveable) available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to the Secured Party and the Company. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Secured Party will give the Company at least ten (10) days' prior written notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. Any such notice shall be deemed to meet any requirement hereunder or under any applicable law (including the Uniform Commercial Code) that reasonable notification be given of the time and place of such sale or other disposition. After deducting all costs and expenses of collection, storage, custody, sale or other disposition and delivery (including legal costs and attorneys' fees) and all other charges against the Collateral, the residue of the proceeds of any such sale or disposition shall be applied to the payment of the Secured Obligations in such order of priority as the Secured Party shall determine and, unless otherwise provided by law or by a court of competent jurisdiction, any surplus shall be returned to the Company or to any Person lawfully entitled thereto (including, if applicable, any subordinated creditors of the Company). In the event the proceeds of any sale, lease or other disposition of the Collateral hereunder are insufficient to pay all of the Secured Obligations in full, the Company will be liable for the deficiency, including interest thereon at the rate of 12.65% per annum until paid, and the cost and expenses of collection of

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such deficiency, including, without limitation, attorneys' fees, expenses and disbursements. Without limiting the generality of the foregoing or the scope of section 7 hereof, upon the occurrence of any Event of Default, such default not having previously been remedied, cured or waived in writing in accordance with the terms of the Note Agreement, any amount owing by the Secured Party to the Company may, without regard to the value of the Collateral, be offset and applied toward the payment of the Secured Obligations as aforesaid, whether or not the Secured Obligations, or any part thereof, shall be then due.

The Company recognizes that the Secured Party may be unable to effect a public sale of all or a part of the Pledged Collateral by reason of certain prohibitions contained in the Securities Act of 1933, as amended, but may be compelled to resort to one or more private sales to a restricted group of purchasers, each of whom will be obligated to agree, among other things, to acquire such Pledged Collateral for its own account, for investment and not with a view to the distribution or resale thereof. The Company acknowledges that private sales so made may be at prices and upon other terms less favorable to the seller than if such Pledged Collateral were sold at public sales, and that the Secured Party has no obligation to delay sale of any such Pledged Collateral for the period of time necessary to permit such Pledged Collateral to be registered for public sale under the Securities Act of 1933, as amended.

9. Right to Use the Collateral, etc. Without limiting the scope of section 7 hereof, upon the occurrence of any Event of Default, such default not having previously been remedied, cured or waived in writing in accordance with the Note Agreement, but subject to the provisions of the Uniform Commercial Code or other applicable law, the Secured Party shall have the right and power to take possession of all or any part of the Collateral, and to exclude the Company and all Persons claiming under the Company wholly or partly therefrom, and thereafter to hold, store, and/or use, operate, manage and control the same. Upon any such taking of possession, the Secured Party, from time to time, at the Company's expense, may make all such repairs, replacements, alterations and improvements to any of the Collateral and may manage and control the Collateral and carry on the business and exercise all rights and powers of the Company in respect thereto as the Secured Party shall deem best, including, without limitation, the right to enter into any and all such agreements with respect to the use of the Collateral or any part thereof as the Secured Party may see fit; and the Secured Party shall be entitled to collect and receive all rents, issues, profits, fees, revenues and other income of the same and every part thereof. Such rents, issues, profits, fees, revenues and other income shall be applied to pay

Exhibit 1C

the expenses of so holding, storing, using, operating, managing and controlling the Collateral, and of conducting the business thereof, and of all maintenance, repairs, replacements, alterations, additions and improvements, and to make all payments which the Secured Party may be required or may elect to make, if any, for taxes, assessments, insurance and other charges upon the Collateral or any part thereof, and all other payments which the Secured Party may be required or authorized to make under any provision of this Agreement or any of the other Operative Agreements (including legal costs and attorneys' fees). The remainder of such rents, issues, profits, fees, revenues and other income shall be applied to the payment of the Secured Obligations in such order of priority as the Secured Party shall determine and, unless otherwise provided by law or by a court of competent jurisdiction, any surplus shall be returned to the Company or to any Person lawfully entitled thereto (including, if applicable, any subordinated creditors of the Company). Without limiting the generality of the foregoing, to the extent permitted by law, the Secured Party shall have the right to apply for and have a receiver appointed by a court of competent jurisdiction in any action taken by it to enforce its rights and remedies hereunder or under any of the other Operative Agreements in order to manage, protect and preserve the Collateral and to sell, transfer, assign or otherwise dispose of the Collateral or any portion thereof and continue the operation of the business of the Company, and/or to sell and dispose of the Collateral, and to collect all rents, issues, profits, fees, revenues and other income and proceeds thereof and apply the same to the payment of all expenses and other charges of such receivership, including the compensation of the receiver, and to the payment of the Secured Obligations as aforesaid.

10. Waivers, Remedies Cumulative, etc. The Company hereby waives presentment, demand, notice, protest and, except as is otherwise provided herein, all other demands and notices in connection with this Agreement or the enforcement of any of the rights and remedies of the Secured Party hereunder or in connection with any Secured Obligations or any Collateral; consents to and waives notice of the granting of renewals, extensions of time for payment or other indulgences to the Company or any other Person, or substitution, release or surrender of any Collateral, the addition or release of Persons primarily or secondarily liable on any Secured Obligation or other Collateral, the acceptance of partial payments on any Secured Obligation or other Collateral and/or the settlement or compromise thereof. The Company further waives, to the extent permitted by law: (a) any right it may have under any applicable law (including the constitution of any jurisdiction in which any of the Collateral may be located and the Constitution of the United States of America) to notice (other

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than any requirement of notice provided herein) or to a judicial hearing prior to the exercise of any right or remedy provided by this Agreement or any of the other Operative Agreements and any right to set aside or invalidate any sale duly consummated in accordance with the foregoing provisions hereof on the grounds (if such be the case) that the sale was consummated without a prior judicial hearing; (b) any right to damages occasioned by any exercise by the Secured Party of any right or remedy hereunder or referred to herein, including any damages arising as a result of any taking of possession of the Collateral, except to the extent that such damages are finally determined to be the direct result of the violation by the Secured Party of applicable law in connection with any such exercise; (c) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Secured Party's rights hereunder (except as otherwise explicitly provided hereon); and (d) all rights of redemption, appraisement, valuation, stay, extension or moratorium now or hereafter in force under any applicable law in order to prevent or delay the enforcement of this Agreement or the absolute sale of the Collateral or any portion thereof. Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the Company therein and thereto, and shall be a perpetual bar both at law and in equity against the Company and against any and all Persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through and under the Company.

To the extent that any restrictions imposed by the charter or by-laws of the Issuer (and/or any other issuer of any of the Pledged Collateral) or any other document or instrument would in any way affect or impair the pledge of the Pledged Collateral hereunder or the exercise by the Secured Party of any right granted hereunder, including, without limitation, the right of the Secured Party to dispose of the Pledged Collateral in accordance with the terms hereof, the Company hereby waives such restrictions, and represents, warrants, covenants and agrees that it has caused the Issuer, and will cause each other issuer of any Pledged Collateral, to take all necessary action to waive such restrictions, and the Company hereby agrees that it will take any further action which the Secured Party may reasonably request in order that the Secured Party may obtain and enjoy the full rights and benefits granted to the Secured Party by this Agreement free of any such restrictions.

To the extent permitted by law, the obligations of the Company under this Agreement shall remain in full force and effect without regard to, and shall not be impaired by (a) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of the

Exhibit 1C

Company, or of any other Person; (b) any exercise or nonexercise, or any waiver, by the Secured Party, of any right, remedy, power or privilege under or in respect of any of the Secured Obligations or any of the Collateral or any other security therefor; (c) any amendment to or modification of this Agreement or any of the other Operative Agreements; or (d) the taking of additional security for or any guarantee of any of the Secured Obligations or the release or discharge or termination of any security or guarantee for any of the Secured Obligations; and whether or not the Company shall have notice or knowledge of any of the foregoing.

No remedy conferred herein or in any of the other Operative Agreements upon the Secured Party is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under any of the other Operative Agreements or now or hereafter existing at law or in equity or by statute or otherwise. No course of dealing between the Company or any Affiliate of the Company and the Secured Party and no delay in exercising any rights hereunder or under any of the other Operative Agreements shall operate as a waiver of any right of the Secured Party. No waiver by the Secured Party of any default shall be effective unless made in writing and otherwise in accordance with the terms of section 19 of the Note Agreement and no such waiver shall extend to or affect any obligation not expressly waived or impair any right consequent thereon.

11. Termination. This Agreement and the security interest in the Collateral created hereby shall terminate when all of the Notes have been paid and finally discharged in full and all other Secured Obligations have been paid and finally discharged in full.

12. Reinstatement. Notwithstanding the provisions of section 11, this Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any amount received by the Secured Party in respect of the Collateral or the Secured Obligations is rescinded or must otherwise be restored or returned by the Secured Party upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Company or upon the appointment of any intervenor or conservator of, or trustee or similar official for, the Company or any substantial part of its properties, or otherwise, all as though such payments had not been made.

13. Consents, Approvals, etc. Upon the exercise by the Secured Party of any power, right, privilege or remedy pursuant to this Agreement or any of the other Operative Agreements which requires any consent, approval, registration, qualification or authorization of, or declaration or filing with, or other action by, any other Person, including, without limitation, any

Exhibit 1C

governmental authority or instrumentality, the Company will execute and deliver, or will cause the execution and delivery of, all such agreements, documents, applications, certificates, instruments and other documents and papers and will take, or will cause to be taken, such other action that may be required to obtain such consent, approval, registration, qualification or authorization of or other action by such other Person and/or that may be reasonably requested by the Secured Party in connection therewith.

14. Certain Definitions. Capitalized terms used herein without definition which are defined in the Note Agreement shall have the respective meanings ascribed to them in the Note Agreement, unless the context requires otherwise. In addition to the descriptions contained in section 1 hereof, the items of Collateral referred to therein shall have all of the meanings ascribed to them in the Uniform Commercial Code as in effect from time to time.

15. Communications. All communications provided for herein shall be delivered, mailed or sent by facsimile transmission addressed as follows:

(a) If to the Company, at:

c/o PolyMedica Industries, Inc.
Two Constitution Way
Woburn, Massachusetts 01801
Attention: Steven J. Lee
President and Chief Executive Officer
Telecopier No.: (617) 933-7992

with a copy (which shall not constitute notice) to:

Hale and Dorr
60 State Street
Boston, Massachusetts 02109
Attention: John K.P. Stone, III, Esq.
Telecopier No.: (617) 526-5000

(b) If to the original holder of the Notes, at the address of such holder set forth in Schedule I attached to the Note Agreement, and if to any other Person who is the holder of any Note, at the address for the purpose of such holder as it appears on the Note register maintained pursuant to section 17 of the Note Agreement, and in any such case with a copy (which shall not constitute notice) to:

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Choate, Hall & Stewart
Exchange Place
53 State Street
Boston, Massachusetts 02109
Attention: Frank B. Porter, Jr., Esq.
Telecopy No. (617) 227-7566

The address (and/or telecopy number) of any Person may be changed at any time and from time to time and shall be the most recent such address (and/or telecopy number) furnished in writing by such Person in accordance with this section 15 to each of the other Persons noted above.

Any communication provided for herein shall become effective only upon and at the time of receipt by the Person to whom it is given, unless such communication is mailed by certified mail (return receipt requested) or reputable overnight courier, in which case it shall be deemed to have been received on (a) the fifth Business Day following the mailing thereof, or (b) the day of its acknowledged receipt, if a Business Day, or the next succeeding Business Day, whichever of (a) or (b) is earlier.

Any communication provided for herein given by facsimile transmission shall become effective upon receipt of confirmation of receipt of transmission from the Person to whom the transmission was sent, provided that the original of such communication is sent on the day of such facsimile transmission to such Person by a courier guaranteeing overnight delivery.

16. Successors and Assigns. This Agreement shall bind and inure to the benefit of and be enforceable by the Secured Party and the Company, successors to the Company and the successors and assigns of the Secured Party, and, in addition, shall inure to the benefit of and be enforceable by each holder from time to time of any of the Notes who, upon acceptance of any such Notes, shall, without further action, be entitled to enforce the provisions and enjoy the benefits hereof and thereof, whether or not an express assignment to such holder of rights hereunder and thereunder has been made.

17. Governing Law; Jurisdiction; Waiver of Jury Trial. This Agreement, including the validity hereof and the rights and obligations of the parties hereunder, and all amendments and supplements hereof and all waivers and consents hereunder, shall be construed in accordance with and governed by the domestic substantive laws of The Commonwealth of Massachusetts without giving effect to any choice of law or conflicts of law provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction. The Company, to the

Exhibit 1C

extent that it may lawfully do so, hereby consents to service of process, and to be sued, in The Commonwealth of Massachusetts and consents to the jurisdiction of the courts of The Commonwealth of Massachusetts and the United States District Court for the District of Massachusetts, as well as to the jurisdiction of all courts to which an appeal may be taken from such courts, for the purpose of any suit, action or other proceeding arising out of any of its obligations hereunder and under the other Operative Agreements or with respect to the transactions contemplated hereby or thereby, and expressly waives any and all objections it may have as to venue in any such courts. The Company further agrees that a summons and complaint commencing an action or proceeding in any of such courts shall be properly served and shall confer personal jurisdiction if served personally or by certified mail to it at its address set forth in section 15 or as otherwise provided under the laws of The Commonwealth of Massachusetts. Notwithstanding the foregoing, the Company agrees that nothing contained in this section 17 shall preclude the institution of any such suit, action or other proceeding in any jurisdiction other than The Commonwealth of Massachusetts. The Company irrevocably waives all right to a trial by jury in any suit, action or other proceeding instituted by or against it in respect of its obligations hereunder and under any of the other Operative Agreements and the transactions contemplated hereby and by the other Operative Agreements.

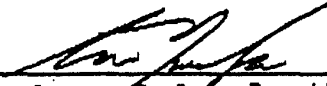
18. Miscellaneous. The headings in this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof. This Agreement (together with the other Operative Agreements) embodies the entire agreement and understanding between the Secured Party and the Company and supersedes all prior agreements and understandings relating to the subject matter hereof. In case any provision in this Agreement or in any of the other Operative Agreements shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof and thereof shall not in any way be affected or impaired thereby. This Agreement may be executed in any number of counterparts and by the parties hereto on separate counterparts but all such counterparts shall together constitute but one and the same instrument.

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Exhibit 1C

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

POLYMEDICA PHARMACEUTICALS (U.S.A.),
INC.

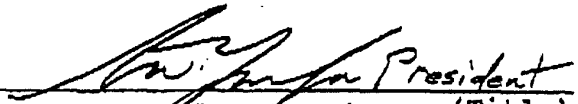
By  President
Steven J. Lee, President (Title)

JOHN HANCOCK MUTUAL LIFE INSURANCE
COMPANY

By 
D. Dana Donovan, (Title)
Senior Investment Officer

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

POLYMEDICA PHARMACEUTICALS (PUERTO RICO), INC.

By  President
Steven J. Lee, President (Title)

JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY

By 
Senior Investment Officer (Title)
D. Dana Donovan

County of Suffolk)
Commonwealth of Massachusetts) ss.

January 20, 1993

On this 20th day of January, 1993, before me appeared Steven James Lee, President of PolyMedica Pharmaceuticals (Puerto Rico), Inc., to me known and known by me to be the party executing the foregoing instrument on behalf of said corporation, and he/she acknowledged said instrument by him/her executed to be his/her free act and deed and the free act and deed of said corporation.

Mary C. Harrigan
Notary Public
My commission expires: 7/19/93

County of Suffolk)
Commonwealth of Massachusetts) ss.

January 21, 1993

On this 21st day of January, 1993, before me appeared Dana Donovan, Senior Investment Officer of John Hancock Mutual Life Insurance Company, to me known and known by me to be the party executing the foregoing instrument on behalf of said corporation, and he/she acknowledged said instrument by him/her executed to be his/her free act and deed and the free act and deed of said corporation.

Mary C. Harrigan
Notary Public
My commission expires: 7/19/93

SUFFOLK, SS.

Commonwealth of Massachusetts

I, MICHAEL JOSEPH DONOVAN, of Boston, in said County, duly elected, qualified and sworn as Clerk of the Superior Civil Court, for and within said County and Commonwealth, dwelling in Boston in said County, said Court being a Court of record with a seal which is hereto affixed, the records and seal of which Court I have the custody, do herein and hereby in the performance of my duty as said Clerk, certify and attest that Mary C. Harrigan

CLERK'S OFFICE OF SUPERIOR CIVIL COURT.

before whom the annexed affidavit, proof or acknowledgment was taken and subscribed, is a NOTARY PUBLIC for, within, and including the whole of said Commonwealth, doing business in said County, duly appointed, commissioned, qualified, sworn and authorized by the laws of said Commonwealth to act as such; and also duly authorized by the laws of said Commonwealth to take affidavits and take and certify proofs of acknowledgment of deeds of conveyances for lands, tenements, hereditaments, lying and being in said Commonwealth; in any part thereof and to be recorded therein, wherever situated and however bounded; that he was at the time of taking the affidavit, proof or acknowledgment, hereto annexed, such NOTARY PUBLIC that due faith and credit are and ought to be given to his official acts; that I am well acquainted with his signature and handwriting, and I verily believe that the signature to the said affidavit, proof or acknowledgment is genuine, and, further, that the annexed instrument is executed and acknowledged according to the laws of said Commonwealth.

Witness my hand and the seal of said Court at Boston, in said County and Commonwealth, this 21st day of January, A.D. 1993

Michael Joseph Donovan
Clerk of Court

CTV. P. Form 113-1-77 2,000

SCHEDULE I

TRADEMARKS

POLYMEDICA PHARMACEUTICALS (U.S.A.), INC.

None.

SCHEDULE I

TRADEMARKS

POLYMEDICA PHARMACEUTICALS (PUERTO RICO), INC.

<u>Trademark</u>	<u>Registration No.</u>	<u>Date of Registration</u>
ANESTACON	855436	August 27, 1968
AQUACHLORAL	586346	March 2, 1954
AQUALIN	663691	July 1, 1958
CYSTOSPAZ	781682	December 15, 1964
CYSTOSPAZ-M	997864	November 12, 1974
NEOCERA & Design	600655	January 11, 1955
NEOPAP	826365	March 28, 1967
REVAC	668250	October 14, 1958
SUPPRETTE	1033593	February 17, 1976
SUPPRETTES	1030547	January 20, 1976
SUPPRETTES	586347	March 2, 1954
URICEUTICAL	788964	May 4, 1965
URISED	398137	October 13, 1942
URISEDAMINE	807164	April 19, 1966
WANS	788076	April 13, 1965

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SCHEDULE II

PATENTS

POLYMEDICA PHARMACEUTICALS (U.S.A.), INC.

None.

SCHEDULE II

PATENTS

POLYMEDICA PHARMACEUTICALS (PUERTO RICO), INC.

None.

SCHEDULE III

COPYRIGHTS

POLYMEDICA PHARMACEUTICALS (U.S.A.), INC.

None.

SCHEDULE III

COPYRIGHTS

POLYMEDICA PHARMACEUTICALS (PUERTO RICO), INC.

None.

SCHEDULE IV

EQUIPMENT

POLYMEDICA PHARMACEUTICALS (U.S.A.), INC.

None.

SCHEDULE IV

EQUIPMENT

POLYMEDICA PHARMACEUTICALS (PUERTO RICO), INC.

Bottle Balance
Fillmater
New Jersey Appache
Autocap Sealer Shrink Bank
RA - Jones Cartoner
600 Liters Tank 83-501-09
Corley Miller - Wrapping & Sealing Machine 320
Camelyn - Conveyor
Cozzoli Filler - Table Machine 348
Lasko Filler - Counting Filler Machine
Lasko Cottoner - Cottoning Machine
Newman Cappr Machine
Newman Labeler Machine
Dismat Stupp Packaging Machine
Manesty BB3B Compressing Machine 868
Manesty BB3B Compressing Machine 767
Tablet Deduster Key
Tablet Deduster Key
Day Mixer 005
Proctor & Scharfs k14521 - Depatch Oven 008
Proctor & Scharfs k14522 - Depatch Oven 007
Temperature Recorder Foxboro - 3276
Stoke - B2 16 Station Tablet Press
Stokes Oxcellator 018
K-Quad Core Blender - 017
Stokes Mixer 021
Toledo Scale 8134 - 20762
Toledo Digital Floor Balance
Hardness Tester Scheringer Model 1058 - 375
Sartorius Balance
Fitz Mill Comminator
Toledo Scale - 063
Storage Closet 861
Key Industries Precision Pond Tester - Puch Dial
Grocom Ritts - Kettle
Grocom Ritts - Kettle
Groen Kettler 100 Gal - 917
Groen Kettler 50 Gal - 918
Honeywell Recorder - 915
Honeywell Recorder - 3314
Honeywell Recorder - 3315
Honeywell Recorder -3331
Homogenizer - Mixer Elec.
200kg Balance Toledo - 061
Stawarm N-286 82-195-20

Geated Mixing Tank Strawarm 82-195-20
Geated Mixing Tank - Strawarm 924
Lightning Mixer
Ali Mixer
Uhlmann Strip Machine - 250
Colton Coating - Polishing Tumbler 054
Colton Coating - Polishing Tumbler 053
Colton Coating - Tumbler 031
Colton Coating - Tumbler 032
Colton Coating - Tumbler 033
Colton Coating - Tumbler 034
Colton Coating - Tumbler 035
Colton Coating - Tumbler 036
Colton Coating - Tumbler 040
Colton Coating - Tumbler 041
Colton Coating - Tumbler 042
Colton Coating - Tumbler 039
Colton Coating - Tumbler 038
Colton Coating - Tumbler 037
Lightning Mixer - Mixer Air Driver NAR 33
JH Day Sigma Blade Mixer - Proctor Oven 016
Tablet Printing Machine Model 1564-2 - Markem 05
Tablet Printing Machine Model 156MK11 - Markem 8
Toledo Scale 100 kg - 052
Storage Cabinet P.O. 3686
Honeywell Recorder 842
Honeywell Recorder - Tmp & Hum Controller 3249
Manesty BB3B - 025

SCHEDULE V

POLYMEDICA PHARMACEUTICALS (U.S.A.), INC.

PLEDGED NOTES

None.

PLEDGED STOCK

1,000 shares of Common Stock, \$0.01 par value, of PolyMedica Pharmaceuticals (Puerto Rico), Inc., certificate no. 1, registered in the name of PolyMedica Pharmaceuticals (U.S.A.), Inc.

SCHEDULE V

POLYMEDICA PHARMACEUTICALS (PUERTO RICO), INC.

PLEDGED NOTES

None.

PLEDGED STOCK

None.

SCHEDULE VI

PLACES OF BUSINESS
LOCATION OF COLLATERAL

POLYMEDICA PHARMACEUTICALS (U.S.A.), INC.

Fort Worth Distribution Center:

Alcon Shipping
6500 Will Rogers Blvd.
Fort Worth, TX 76140

Savage Distribution Center:

Alcon Burton Parsons Warehouse
8840 Greenwood Place
Cooridor Industrial Park
Savage, MD 20763

SCHEDULE VI

PLACES OF BUSINESS
LOCATION OF COLLATERAL

POLYMEDICA PHARMACEUTICALS (PUERTO RICO), INC.

Alcon Puerto Rico
P.R. Hwy 925, Barrio Junguitos
Humacao, Puerto Rico 00791

Alcon
Carr. 869, KM 1.5
Royal Industrial Park, Building "C"
Barrio Palomos, Catano, Puerto Rico 00632