

TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1
 Stylesheet Version v1.2

ETAS ID: TM317943

SUBMISSION TYPE:		NEW ASSIGNMENT	
NATURE OF CONVEYANCE:		SECURITY INTEREST	
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
SPR THERAPEUTICS, LLC		09/24/2014	LIMITED LIABILITY COMPANY: OHIO
RECEIVING PARTY DATA			
Name:	THE DIRECTOR OF THE OHIO DEVELOPMENT SERVICES AGENCY		
Street Address:	77 SOUTH HIGH STREET		
Internal Address:	29TH FLOOR		
City:	COLUMBUS		
State/Country:	OHIO		
Postal Code:	43215		
Entity Type:	STATE AGENCY: OHIO		
PROPERTY NUMBERS Total: 5			
Property Type	Number	Word Mark	
Registration Number:	4151848	SMARTPATCH	
Registration Number:	3915196	SPR	
Registration Number:	4283225	SPR	
Registration Number:	3967556	SPR	
Registration Number:	4459384	SPR	
CORRESPONDENCE DATA			
Fax Number:	2166213415		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>			
Phone:	2166217860		
Email:	esarmiento@cavitch.com		
Correspondent Name:	ERIC A SARMIENTO		
Address Line 1:	1300 E. 9TH ST. 20TH FLOOR		
Address Line 4:	CLEVELAND, OHIO 44114		
ATTORNEY DOCKET NUMBER:	OHI615-6720		
NAME OF SUBMITTER:	ERIC A SARMIENTO		
SIGNATURE:	/eas/		
DATE SIGNED:	09/24/2014		

OP \$140.00 4151848

Total Attachments: 14

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SECURITY AGREEMENT

This SECURITY AGREEMENT (“Security Agreement”), made and entered into as of September 24, 2014, is executed and delivered by SPR Therapeutics, LLC (the “Grantor”), as debtor, in favor of The Director of the Ohio Development Services Agency (the “Director”), as secured party.

WHEREAS, Grantor and the Director are parties to that certain Loan Agreement of even date herewith (as amended, supplemented or otherwise modified from time to time, the “Loan Agreement”) pursuant to which the Director will loan a maximum principal amount of \$1,367,500.00 (the “Loan”), to Grantor. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Loan Agreement;

WHEREAS, this Security Agreement is given by the Grantor in favor of the Director to secure the payment and performance of all of the Secured Obligations; and

WHEREAS, it is a condition to the obligations of the Director to make the Loan under the Loan Agreement that the Grantor execute and deliver this Security Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions.

(a) Unless otherwise specified herein, all references to Sections and Schedules herein are to Sections and Schedules of this Security Agreement.

(b) Unless otherwise defined herein, terms used herein that are defined (i) in the Loan Agreement shall have the meanings assigned to them therein and (ii) in the UCC shall have the meanings assigned to them in the UCC. However, if a term is defined in Article 9 of the UCC differently than in another Article of the UCC, the term has the meaning specified in Article 9.

(c) For purposes of this Security Agreement, the following terms shall have the following meanings:

“Collateral” has the meaning set forth in Section 2 of this Security Agreement.

“Copyrights” means any copyrights, rights and interests in copyrights, works protectable by copyrights, copyright registrations and copyright applications, including, without limitation, the copyright registrations and applications listed on Schedule 1 hereto, and all renewals of any of the foregoing, all income, royalties, damages and payments now and hereafter due and/or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing.

“Event of Default” has the meaning set forth in Section 5.1 of the Loan Agreement.

“First Priority” means, with respect to any lien and security interest purported to be created in any Collateral pursuant to this Security Agreement, such lien and security interest is the most senior lien to which such Collateral is subject (subject only to Permitted Encumbrances).

“Patents” means any patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein, all patentable inventions and those patents and patent applications listed on Schedule 1 hereto, and the reissues, divisions, continuations, renewals, extensions and continuations-in-part of any of the foregoing, and all income, royalties, damages and payments now or hereafter due and/or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing.

“Permitted Encumbrances” means (a) the security interest in favor of the Director granted herein and the security interest granted to the Director pursuant to the IOLF Loan; (b) Liens for taxes, fees, assessments or other governmental charges or levies, either not yet due and payable or being contested in good faith by appropriate proceedings, provided the same have no priority over the Secured Party’s security interest; (c) Liens (x) upon or in any equipment acquired or held by the Grantor to secure the purchase price of such equipment or indebtedness incurred solely for the purpose of financing the acquisition of such equipment or (y) existing on such equipment at the time of its acquisition, provided that the Lien is confined solely to the equipment so acquired, improvements thereon and the Proceeds of such equipment; (d) easements, reservations, rights-of-way, restrictions, minor defects or irregularities in title and other similar Liens affecting real property not interfering in any material respect with the ordinary conduct of the business of the Grantor; (e) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs or duties in connection with the importation of goods; (f) Liens arising solely by virtue of any statutory or common law provision relating to banker’s liens, rights of setoff or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; (g) Liens on equipment (other than the Project equipment) leased by the Grantor pursuant to an operating lease in the ordinary course of the Grantor’s business (including Proceeds thereof and accessions thereto), all incurred solely for the purpose of financing the lease of such equipment (including Liens arising from UCC financing statements regarding such leases), (h) Liens securing Permitted Indebtedness, and (i) vendor rights to reclaim arising under Article 2 of the Uniform Commercial Code.

“Proceeds” means “proceeds” as such term is defined in section 9-102 of the UCC and, in any event, shall include, without limitation, all dividends or other income from the Collateral, collections thereon or distributions with respect thereto.

“Required Property Insurance Coverage” means, at all times, to provide, maintain and keep in force the following policies of insurance:

(i) Insurance against loss or damage to the Collateral by fire and any of the type now known as “all risk” or “fire and extended coverage,” in an amount equal to the full replacement cost of the Collateral and with not more than \$10,000 deductible from the loss payable for any casualty. The policies of insurance carried in accordance with this subparagraph (a) shall contain a “Replacement Cost Endorsement.”

(ii) If requested by the Director, business interruption insurance and/or loss of “rental value” insurance in such amounts as are satisfactory to the Director.

(iii) Insurance against loss or damage to personal property by fire and other risks covered by insurance of the type now known as “fire and extended coverage.”

(iv) Such other insurance, and in such amounts, as may from time to time be required by the Director against the same or other hazards.

All policies of insurance shall contain an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act or negligence of

Grantor which might otherwise result in forfeiture of said insurance, and the further agreement of the insurer waiving all rights of setoff, counterclaim or deductions against Grantor.

“Required Public Liability Insurance Coverage” means comprehensive commercial public liability insurance (including coverage for elevators and escalators, if any, on the Project Site) against injury, loss and/or damage to persons (including death) and property in an amount which is not less than \$2,000,000 for bodily injury to persons and not less than \$1,000,000 for damage to property or such additional amounts as may from time to time be reasonably requested by the Director.

“Secured Obligations” has the meaning set forth in Section 3 of this Security Agreement.

“Source Code” means the human readable source code of any software developed by the Grantor or its employees, agents or consultants in the programming language in which the software was written, together with all related flow charts and technical documentation, including a description of the procedure for generating object code, all of a level sufficient to enable a programmer reasonably fluent in such programming language to understand, build, operate, support, maintain and develop modifications, upgrades, updates, adaptations, enhancements, new versions and other derivative works and improvements of, and to development computer programs compatible with, the software developed by the Grantor.

“Trademarks” means any trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other business identifiers, prints and labels on which any of the foregoing have appeared or appear, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, the trademarks and applications listed in Schedule 1 hereto and renewals thereof, and all income, royalties, damages and payments now or hereafter due and/or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing.

“UCC” means the Uniform Commercial Code as in effect from time to time in the State of Ohio or, when the laws of any other state govern the method or manner of the perfection or enforcement of any security interest in any of the Collateral, the Uniform Commercial Code as in effect from time to time in such state.

2. Grant of Security Interest. The Grantor hereby pledges and grants to the Director, and hereby creates a continuing First Priority lien and security interest in favor of the Director in and to all of its right, title and interest in and to the following, wherever located, whether now existing or hereafter from time to time arising or acquired (collectively, the “Collateral”):

(a) all fixtures and personal property of every kind and nature, goods (including inventory, equipment and the fixed assets described on Schedule 2 hereof), accounts (including accounts receivable), documents (including, if applicable, electronic documents), instruments, promissory notes, chattel paper (whether tangible or electronic), letters of credit, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), securities and all other investment property, general intangibles (including all payment intangibles), software, all Copyrights, Trademarks and Patents described on Schedule 1 (as supplemented by written notification from time to time), commercial tort claims described on Schedule 3 hereof (as supplemented by any written notification given by the Grantor to the Director pursuant to Section 5(e)) stock rights, money, deposit accounts described on Schedule 4 hereof (as supplemented by written notification from time to time), and any other contract rights or rights to the payment of money; and

(b) all Proceeds and products of each of the foregoing, all books and records relating to the foregoing, all supporting obligations related thereto, and all accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing, and any and all Proceeds of any insurance,

indemnity, warranty or guaranty payable to the Grantor from time to time with respect to any of the foregoing.

3. Shared Security Interest. Notwithstanding the foregoing or anything herein or in the Loan Agreement to the contrary, the Director's First Priority lien and security interest in the Collateral excluding inventory and accounts receivable, but including, without limitation, accounts, chattel paper, general intangibles, and instruments, shall be in *pari passu* with the Director's interest under the IOLF Loan and IOLF Loan Documents as a shared First Priority lien and security interest in such Collateral. For the avoidance of doubt, the Director shall have a sole First Priority lien and security interest in inventory and accounts receivable.

4. Secured Obligations. The Collateral secures the due and prompt payment and performance of:

(a) the obligations of the Grantor from time to time arising under the Loan Agreement, this Security Agreement or otherwise with respect to the due and prompt payment of (i) the principal of and premium and interest, if any, on the Loan (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) all fees or other sums owed to the Director by Grantor under or in respect of the Loan Documents, and (iii) all other monetary obligations, including fees, costs, attorneys' fees and disbursements, reimbursement obligations, contract causes of action, expenses and indemnities, whether primary, secondary, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Grantor owed to the Director under or in respect of the Loan Agreement and this Security Agreement; and

(b) all other covenants, duties, debts, obligations and liabilities of any kind of the Grantor under or in respect of the Loan Agreement, this Security Agreement or any other document made, delivered or given in connection with any of the foregoing, in each case whether evidenced by a note or other writing, whether allowed in any bankruptcy, insolvency, receivership or other similar proceeding, whether arising from an extension of credit, issuance of a letter of credit, acceptance, loan, guaranty, indemnification or otherwise, and whether primary, secondary, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, fixed or otherwise (all such obligations, covenants, duties, debts, liabilities, sums and expenses set forth in Section 3 being herein collectively called the "Secured Obligations").

5. Perfection of Security Interest and Further Assurances.

(a) The Grantor shall, from time to time, as may be required by the Director with respect to all Collateral, promptly take all actions as may be reasonably requested by the Director to perfect the security interest of the Director in the Collateral, including, without limitation, with respect to all Collateral over which control may be obtained within the meaning of sections 8-106, 9-104, 9-105, 9-106 and 9-107 of the UCC, as applicable, the Grantor shall promptly take all actions as may be reasonably requested from time to time by the Director so that control of such Collateral is obtained and at all times held by the Director. All of the foregoing shall be at the sole cost and expense of the Grantor.

(b) The Grantor hereby irrevocably authorizes the Director at any time and from time to time to file in any relevant jurisdiction any financing statements and amendments thereto that contain the information required by Article 9 of the UCC of each applicable jurisdiction for the filing of any financing statement or amendment relating to the Collateral, including any financing or continuation statements or

other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interest granted by the Grantor hereunder, without the signature of the Grantor where permitted by law, including the filing of a financing statement describing the Collateral as all assets now owned or hereafter acquired by the Grantor, or words of similar effect. The Grantor agrees to provide all information required by the Director pursuant to this Section promptly to the Director upon request.

(c) The Grantor hereby further authorizes the Director to file with the United States Patent and Trademark Office and the United States Copyright Office (and any successor office and any similar office in any state of the United States or in any other country) this Security Agreement and other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interest granted by the Grantor hereunder, without the signature of the Grantor where permitted by law.

(d) If the Grantor shall at any time hold or acquire any certificated securities, promissory notes, tangible chattel paper, negotiable documents or warehouse receipts relating to the Collateral, the Grantor shall promptly endorse, assign and deliver the same to the Director, accompanied by such instruments of transfer or assignment duly executed in blank as the Director may from time to time specify.

(e) If the Grantor shall at any time hold or acquire a commercial tort claim, the Grantor shall promptly notify the Director in a writing signed by the Grantor of the particulars thereof and grant to the Director in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Security Agreement, with such writing to be in form and substance satisfactory to the Director.

(f) If any Collateral is at any time in the possession of a bailee, the Grantor shall promptly notify the Director thereof and, at the Director's request and option, shall promptly obtain an acknowledgment from the bailee, in form and substance reasonably satisfactory to the Director, that the bailee holds such Collateral for the benefit of the Director and the bailee agrees to comply, without further consent of the Grantor, at any time with instructions of the Director as to such Collateral.

6. Representations and Warranties. The Grantor represents and warrants as follows:

(a) The Grantor has not conducted business under any name except the name in which it has executed this Security Agreement, which is the exact name as it appears in the Grantor's organizational documents as filed with the Grantor's jurisdiction of organization.

(b) The Grantor's federal employer identification number is 27-0337997. The Grantor is a limited liability company and the Grantor's organizational identification number issued by the State of Ohio is 1859547.

(c) The Grantor has not used or conducted business under any other trade name, assumed name, fictitious name and other name at any time during the five (5) years prior to the date hereof. The Grantor has not merged with, or acquired substantially all of the assets of, any other entity at any time during the five (5) years prior to the date hereof.

(d) The Grantor represents and warrants that the Copyrights, Patents and Trademarks listed on Schedule 1 constitute all of the registered Copyrights and all of the Patents and Trademarks now owned by the Grantor. If the Grantor shall (i) obtain rights to any new patentable inventions, any registered Copyrights or any Patents or Trademarks, or (ii) become entitled to the benefit of any registered Copyrights or any Patents or Trademarks or any improvement on any Patent, the provisions of this Security Agreement above shall automatically apply thereto and the Grantor shall provide written notice thereof to the Director on a quarterly basis. The Grantor hereby authorizes the Director to modify this Security Agreement by amending Schedule 1 to include any such registered Copyrights or any such Patents and Trademarks. The

Grantor shall have the duty (i) to prosecute diligently any patent, trademark, or service mark applications pending as of the date hereof or hereafter, (ii) to make application on unpatented but patentable inventions and on trademarks, copyrights and service marks, as appropriate, (iii) to preserve and maintain all rights in the Copyrights, Patents and Trademarks, to the extent material to the operations of the business of the Grantor and (iv) to ensure that the Copyrights, Patents and Trademarks are and remain enforceable, to the extent material to the operations of the business of the Grantor. Any expenses incurred in connection with the Grantor's obligations under this Section 6(d) shall be borne by the Grantor. The Grantor shall not abandon any right to file a Patent, Trademark or service mark application, or abandon any pending patent, application or any other Copyright, Patent or Trademark that would materially and adversely impair the operations of the business of the Grantor without the written consent of the Director, which consent shall not be unreasonably withheld or delayed.

(e) The Collateral shall be used by the Grantor in its business and does not and will not constitute consumer goods within the meaning of the Commercial Code.

(f) The Grantor (i) has (or will have upon acquisition by the Grantor) good and sufficient title to all Collateral subject only to Permitted Encumbrances, (ii) has full right and authority to sell and convey the Collateral, without the consent or approval of any other Person other than any consent or approval that has been obtained prior to the date of execution and delivery of this Security Agreement, and (iii) will warrant and defend to the Director such title to the Collateral and the lien, pledge and security interest of the Director therein and thereon against all claims and demands whatsoever, except as associated with Permitted Encumbrances, and will, except as otherwise herein expressly provided, maintain the priority of the lien of, and the pledge and security interest granted by, this Security Agreement upon the Collateral until the Grantor shall be entitled to defeasance as provided herein.

(g) Except for (i) tooling that is in the possession of Grantor's contract manufacturer, (ii) and inventory that is sent to third parties for packaging, sterilization and processing in the ordinary course of business, and (iii) inventory held by Grantor's sales force or on consignment with customers in the ordinary course of business, all equipment and other tangible Collateral shall remain in the Grantor's possession or control at all times at the Grantor's risk for loss and shall be kept at, and shall not, except as permitted by this Security Agreement or the Loan Agreement, or with prior written consent of the Director, be removed from the Project Site.

(h) If, with respect to any part of the Collateral, any certificate of title or similar negotiable document, except negotiable instruments received in the ordinary course of business in collection of accounts receivable, is at any time outstanding, the Grantor shall within five (5) Business Days, advise the Director thereof, cause the interest of the Director to be properly and promptly noted thereon, and promptly deliver to the Director any such negotiable certificate or document.

(i) No financing statement or security agreement purporting to cover any of the Collateral has heretofore been signed by the Grantor or names the Grantor as "debtor" that remains in effect except for Permitted Encumbrances and no such financing statement or security agreement is now on file in any public office except for Permitted Encumbrances.

(j) It has full power, authority and legal right to borrow the Loan and pledge the Collateral pursuant to this Security Agreement.

(k) Each of this Security Agreement and the Loan Agreement has been duly authorized, executed and delivered by the Grantor and constitutes a legal, valid and binding obligation of the Grantor enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization,

moratorium or other similar laws affecting creditors' rights generally and subject to equitable principles (regardless of whether enforcement is sought in equity or at law).

(l) No authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the borrowing of the Loan and the pledge by the Grantor of the Collateral pursuant to this Security Agreement or for the execution and delivery of the Loan Agreement and this Security Agreement by the Grantor or the performance by the Grantor of its obligations thereunder.

(m) The execution and delivery of the Loan Agreement and this Security Agreement by the Grantor and the performance by the Grantor of its obligations thereunder, will not violate any provision of any applicable law or regulation or any order, judgment, writ, award or decree of any court, arbitrator or governmental authority, domestic or foreign, applicable to the Grantor or any of its property, or the organizational or governing documents of the Grantor or any agreement or instrument to which the Grantor is party or by which it or its property is bound.

(n) The Grantor has taken all action required on its part for control (as defined in sections 8-106, 9-104, 9-105, 9-106 and 9-107 of the UCC, as applicable) to have been obtained by the Director over all Collateral with respect to which such control may be obtained pursuant to the UCC. No person other than the Director has control or possession of all or any part of the Collateral.

7. Receivables. If any Event of Default shall have occurred and be continuing, the Director may, or at the request and option of the Director the Grantor shall, notify account debtors and other persons obligated on any of the Collateral of the security interest of the Director in any account, chattel paper, general intangible, instrument or other Collateral and that payment thereof is to be made directly to the Director.

8. Covenants. The Grantor covenants as follows:

(a) Except with respect to inventory in the ordinary course of business, the Collateral, to the extent not delivered to the Director pursuant to Section 5, will be kept at the Project Site and the Grantor will not remove the Collateral from such location without providing at least 30 days' prior written notice to the Director. The Grantor will, prior to any change described in the preceding sentence, take all actions reasonably required by the Director to maintain the perfection and priority of the Director's security interest in the Collateral.

(b) The Grantor shall, at its own cost and expense, defend title to the Collateral and the First Priority lien and security interest of the Director therein against the claim of any person claiming against or through the Grantor and shall maintain and preserve such perfected First Priority security interest for so long as this Security Agreement shall remain in effect.

(c) Except for the sale, transfer or disposition of inventory in the ordinary course of business, the Grantor will not sell, offer to sell, dispose of, convey, assign or otherwise transfer, grant any option with respect to, restrict, or grant, create, permit or suffer to exist any mortgage, pledge, lien, security interest, option, right of first offer, encumbrance or other restriction or limitation of any nature whatsoever on, any of the Collateral or any interest therein except for Permitted Encumbrances.

(d) The Grantor will keep the Collateral in good order and repair, reasonable wear and tear excepted, and will not use the same in violation of law or any policy of insurance thereon.

(e) The Grantor shall maintain or cause to be maintained in connection with the Grantor's business operations and the Collateral any workers' compensation coverage required by the applicable laws of the State of Ohio.

(f) The Grantor shall file with the Director during the first two weeks of the calendar month succeeding each anniversary of the Completion Date, commencing with the month succeeding the first anniversary of the Completion Date, a certificate of the Grantor's chief executive officer or chief financial officer setting forth the description of each item of personal property or fixtures which has become a part of the Collateral and of any other additions, modification or improvements to the Collateral which have been made during the 12 calendar months preceding the first of the month in which such certificate is filed, if such additions, modifications or improvements made during such 12 months have an aggregate cost in excess of \$25,000.00.

(g) The Grantor will permit the Director and the Director's agents and representatives to inspect the Collateral and any property or records with respect thereto and to make copies thereof and to enter upon the Project Site for such purpose.

(h) Except as otherwise permitted by the Loan Agreement, the Grantor will pay promptly when due all taxes, assessments, governmental charges, and levies upon the Collateral or incurred in connection with the use or operation of the Collateral or incurred in connection with this Security Agreement.

9. Insurance. The Grantor shall keep the Collateral continuously insured with Required Property Insurance Coverage and shall keep and maintain the Required Public Liability Insurance Coverage. All insurance shall be contained in and maintained by means of policies with generally recognized, responsible insurance companies alone or in conjunction with other companies through an insurance trust or other arrangements satisfactory to the Director, and all such companies are to be qualified to do business in the State of Ohio. All such insurance shall name the Director as an additional insured or as a lenders loss payable, as applicable. The insurance to be provided may be by blanket policies in which event the Grantor shall furnish the Director with a certificate of insurance for each policy setting forth the coverage, the limits of liability, the name of the carrier, the policy number and the expiration date. Each policy of insurance shall be written so as not to be subject to cancellation upon less than 30 days advance written notice to the Director except that notice of cancellation for non-payment of premium will be upon 10 days advance written notice. The Grantor shall provide advance written notice to the Director of not less than 30 days of any substantial modification, which phrase shall include any material reduction in the scope or limits of coverage, of the policy of insurance. The Grantor shall deposit with the Director certificates or other evidence satisfactory to the Director that (i) the insurance required hereby has been obtained and is in full force and effect and (ii) all premiums thereon have been paid in full. At least 30 days prior to the expiration of any such insurance, the Grantor shall furnish the Director with evidence satisfactory to the Director that such insurance has been renewed or replaced and that all premiums thereon have been paid in full and all insurance policies required hereby are in full force and effect.

All policies providing the Required Property Insurance Coverage shall contain standard clauses requiring all proceeds resulting from any claim for loss or damage in excess of \$10,000 to be paid to the Director and any Net Proceeds of insurance providing such coverage shall be paid and applied as provided herein. Any proceeds of policies providing Required Public Liability Insurance Coverage shall be applied toward the extinguishment or satisfaction of the liability with respect to which such insurance proceeds have been paid.

10. The Director Appointed Attorney-in-Fact. Upon an Event of Default, the Grantor hereby appoints the Director as the Grantor's attorney-in-fact, with full authority in the place and stead of the Grantor and in the name of the Grantor or otherwise, from time to time in the Director's discretion to take any action

and to execute any instrument which the Director may deem necessary or advisable to accomplish the purposes of this Security Agreement (but the Director shall not be obligated to and shall have no liability to the Grantor or any third party for failure to do so or take action). This appointment, being coupled with an interest, shall be irrevocable. The Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof.

11. The Director May Perform. If the Grantor fails to perform any obligation contained in this Security Agreement, the Director may itself perform, or cause performance of, such obligation, and the expenses of the Director incurred in connection therewith plus interest at the Interest Rate for Advances shall be payable by the Grantor; *provided that* the Director shall not be required to perform or discharge any obligation of the Grantor.

12. Reasonable Care. The Director shall have no duty with respect to the care and preservation of the Collateral beyond the exercise of reasonable care. The Director shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which the Director accords its own property, it being understood that the Director shall not have any responsibility for (a) ascertaining or taking action with respect to any claims, the nature or sufficiency of any payment or performance by any party under or pursuant to any agreement relating to the Collateral or other matters relative to any Collateral, whether or not the Director has or is deemed to have knowledge of such matters, or (b) taking any necessary steps to preserve rights against any parties with respect to any Collateral. Nothing set forth in this Security Agreement, nor the exercise by the Director of any of the rights and remedies hereunder, shall relieve the Grantor from the performance of any obligation on the Grantor's part to be performed or observed in respect of any of the Collateral.

13. Remedies Upon Default. If any Event of Default shall have occurred and be continuing:

(a) The Director, without any other notice to or demand upon the Grantor, may assert all rights and remedies of the Director under the UCC or other applicable law, including, without limitation, the right to take possession of, hold, collect, sell, lease, deliver, grant options to purchase or otherwise retain, liquidate or dispose of all or any portion of the Collateral. If notice prior to disposition of the Collateral or any portion thereof is necessary under applicable law, written notice mailed to the Grantor at its notice address as provided in Section 17 hereof ten days prior to the date of such disposition shall constitute reasonable notice, but notice given in any other reasonable manner shall be sufficient. So long as the sale of the Collateral is made in a commercially reasonable manner, the Director may sell such Collateral on such terms and to such purchaser(s) as the Director in its absolute discretion may choose, without assuming any credit risk and without any obligation to advertise or give notice of any kind other than that necessary under applicable law. Without precluding any other methods of sale, the sale of the Collateral or any portion thereof shall have been made in a commercially reasonable manner if conducted in conformity with reasonable commercial practices of creditors disposing of similar property. At any sale of the Collateral, if permitted by applicable law, the Director may be the purchaser, licensee, assignee or recipient of the Collateral or any part thereof and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold, assigned or licensed at such sale, to use and apply any of the Secured Obligations as a credit on account of the purchase price of the Collateral or any part thereof payable at such sale. To the extent permitted by applicable law, the Grantor waives all claims, damages and demands it may acquire against the Director arising out of the exercise by it of any rights hereunder. The Grantor hereby waives and releases to the fullest extent permitted by law any right or equity of redemption with respect to the Collateral, whether before or after sale hereunder, and all rights, if any, of marshalling the Collateral and any other security for the Secured Obligations or otherwise. At any such sale, unless prohibited by applicable law, the Director or any custodian may bid for and purchase all or any part of the Collateral so sold free from any such right or equity of redemption. Neither the Director

nor any custodian shall be liable for failure to collect or realize upon any or all of the Collateral or for any delay in so doing, nor shall it be under any obligation to take any action whatsoever with regard thereto. The Director shall not be obligated to clean-up or otherwise prepare the Collateral for sale.

(b) Any cash held by the Director as Collateral and all cash Proceeds received by the Director in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied in whole or in part by the Director to the payment of expenses incurred by the Director in connection with the foregoing or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Director hereunder, including reasonable attorneys' fees, and the balance of such proceeds shall be applied or set off against all or any part of the Secured Obligations in such order as the Director shall elect. Any surplus of such cash or cash Proceeds held by the Director and remaining after payment in full of all the Secured Obligations shall be paid over to the Grantor or to whomsoever may be lawfully entitled to receive such surplus. The Grantor shall remain liable for any deficiency if such cash and the cash Proceeds of any sale or other realization of the Collateral are insufficient to pay the Secured Obligations and the fees and other charges of any attorneys employed by the Director to collect such deficiency.

(c) If the Director shall determine to exercise its rights to sell all or any of the Collateral pursuant to this Section, the Grantor agrees that, upon request of the Director, the Grantor will, at its own expense, do or cause to be done all such acts and things as may be necessary to make such sale of the Collateral or any part thereof valid and binding and in compliance with applicable law.

14. No Waiver and Cumulative Remedies. The Director shall not by any act, delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law.

15. Security Interest Absolute. The Grantor hereby waives demand, notice, protest, notice of acceptance of this Security Agreement, notice of loans made, credit extended, Collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. All rights of the Director and liens and security interests hereunder, and all Secured Obligations of the Grantor hereunder, shall be absolute and unconditional irrespective of:

(a) any illegality or lack of validity or enforceability of any Secured Obligation or any related agreement or instrument;

(b) any change in the time, place or manner of payment of, or in any other term of, the Secured Obligations, or any rescission, waiver, amendment or other modification of the Loan Agreement, this Security Agreement or any other agreement, including any increase in the Secured Obligations resulting from any extension of additional credit or otherwise;

(c) any taking, exchange, substitution, release, impairment or non-perfection of any Collateral or any other collateral, or any taking, release, impairment, amendment, waiver or other modification of any guaranty, for all or any of the Secured Obligations;

(d) any manner of sale, disposition or application of proceeds of any Collateral or any other collateral or other assets to all or part of the Secured Obligations;

(e) any default, failure or delay, willful or otherwise, in the performance of the Secured Obligations;

(f) any defense, set-off or counterclaim (other than a defense of payment or performance) that may at any time be available to, or be asserted by, the Grantor against the Director; or

(g) any other circumstance (including, without limitation, any statute of limitations) or manner of administering the Loan or any existence of or reliance on any representation by the Director that might vary the risk of the Grantor or otherwise operate as a defense available to, or a legal or equitable discharge of, the Grantor or any other grantor, guarantor or surety.

16. Amendments. None of the terms or provisions of this Security Agreement may be amended, modified, supplemented, terminated or waived, and no consent to any departure by the Grantor therefrom shall be effective unless the same shall be in writing and signed by the Director and the Grantor, and then such amendment, modification, supplement, waiver or consent shall be effective only in the specific instance and for the specific purpose for which made or given.

17. Addresses For Notices. All notices and other communications provided for in this Security Agreement shall be in writing and shall be given in the manner, at the addresses and become effective as set forth in the Loan Agreement.

18. Continuing Security Interest; Further Actions. This Security Agreement shall create a continuing First Priority lien and security interest in the Collateral and shall (a) remain in full force and effect until payment and performance in full of the Secured Obligations, (b) be binding upon the Grantor, its successors and assigns, and (c) inure to the benefit of the Director and its successors, transferees and assigns; *provided that* the Grantor may not assign or otherwise transfer any of its rights or obligations under this Security Agreement without the prior written consent of the Director.

19. Brundage Clause. In the event of the passage or enactment of any law, order, rule or regulation subsequent to the date hereof in any manner changing or modifying the laws now in force governing the taxation of mortgages or security agreements or debts secured by mortgages or security agreements or the manner of collecting taxes so as to affect adversely the Director, the Director may, at the Director's option, declare an Event of Default hereunder unless promptly upon such passage or enactment the Grantor assumes, in a manner satisfactory to the Director, the obligation to pay any taxes or other financial burdens imposed upon the Director.

20. Extent of Covenants of the Director; No Personal Liability. All covenants, obligations and agreements of the Director contained in this Security Agreement and all other Loan Documents shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future Director in other than such Director's official capacity acting pursuant to the Act. The powers conferred on the Director hereunder are solely to protect his interests in the Collateral and shall not impose any duty upon him to exercise any such powers. The Director shall be accountable only for amounts that he actually receives as a result of the exercise of such powers, and neither he nor any of his officers, directors, employees or agents shall be responsible to the Grantor for any act or failure to act, except for his own gross negligence, bad faith or willful misconduct, as determined in a final judgment by a court of competent jurisdiction.

21. Termination; Release. On the date on which all Secured Obligations have been paid and performed in full and all obligations under the Loan Agreement satisfied, the Director will, at the request and sole expense of the Grantor, (a) duly assign, transfer and deliver to or at the direction of the Grantor (without recourse and without any representation or warranty) such of the Collateral as may then remain in the possession of the Director, together with any monies at the time held by the Director hereunder, and (b) execute and deliver to the Grantor a proper instrument or instruments acknowledging the satisfaction and termination of this Security Agreement and releasing all filings under the UCC or with the United States

Patent and Trademark Office or with the United States Copyright Office. Notwithstanding anything in the Loan Documents to the contrary, the Director shall release its First Priority lien and security interest under this Security Agreement with respect to Grantor's inventory and receivables if reasonably necessary for the Grantor to secure an outside line of credit reasonably acceptable to the Director.

22. GOVERNING LAW. This Security Agreement shall be deemed to be made under the laws of the State of Ohio and for all purposes shall be governed by and construed in accordance with the laws of the State of Ohio and shall inure to the benefit of and be binding upon the Grantor, the Director and their respective permitted successors and assigns. THE GRANTOR IRREVOCABLY (A) SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS HAVING JURISDICTION IN THE CITY OF COLUMBUS, COUNTY OF FRANKLIN AND STATE OF OHIO, AND (B) WAIVES ANY OBJECTION WHICH IT MAY HAVE AT ANY TIME TO THE LAYING OF VENUE OF ANY PROCEEDING BROUGHT IN ANY SUCH COURT, WAIVES ANY CLAIM THAT ANY PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM AND FURTHER WAIVES THE RIGHT TO OBJECT, WITH RESPECT TO SUCH PROCEEDING, THAT SUCH COURT DOES NOT HAVE JURISDICTION OVER SUCH PARTY. NOTHING IN THIS SECURITY AGREEMENT SHALL PRECLUDE THE DIRECTOR FROM BRINGING A PROCEEDING IN ANY OTHER JURISDICTION NOR WILL THE BRINGING OF A PROCEEDING IN ANY ONE OR MORE JURISDICTIONS PRECLUDE THE BRINGING OF A PROCEEDING IN ANY OTHER JURISDICTION. THE GRANTOR FURTHER AGREES AND CONSENTS THAT, IN ADDITION TO ANY METHODS OF SERVICE OF PROCESS PROVIDED FOR UNDER APPLICABLE LAW, ALL SERVICE OF PROCESS IN ANY PROCEEDING IN ANY OHIO STATE OR UNITED STATES COURT SITTING IN THE CITY OF COLUMBUS AND COUNTY OF FRANKLIN MAY BE MADE BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, DIRECTED TO THE GRANTOR AT ITS NOTICE ADDRESS, AND SERVICE SO MADE SHALL BE COMPLETE UPON RECEIPT; EXCEPT THAT IF THE GRANTOR SHALL REFUSE TO ACCEPT DELIVERY, SERVICE SHALL BE DEEMED COMPLETE FIVE (5) DAYS AFTER THE SAME SHALL HAVE BEEN SO MAILED.

23. WAIVER OF JURY TRIAL. THE GRANTOR AND THE DIRECTOR, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER OF THEM MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS SECURITY AGREEMENT, THE NOTE, THE LOAN DOCUMENTS, OR ANY RELATED INSTRUMENT OR AGREEMENT, OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREBY, OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN), OR ACTIONS OF ANY OF THEM. NEITHER THE GRANTOR NOR THE DIRECTOR SHALL SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS SHALL NOT BE DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY THE GRANTOR OR THE DIRECTOR EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY BOTH OF THEM.

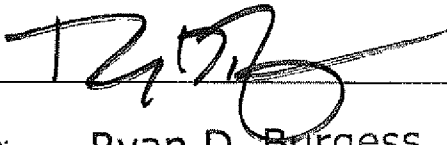
24. Counterparts. This Security Agreement and any amendments, waivers, consents or supplements hereto may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page to this Security Agreement by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Security Agreement.

This Security Agreement constitute the entire contract among the parties with respect to the subject matter hereof and supersede all previous agreements and understandings, oral or written, with respect thereto.

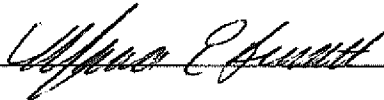
[SIGNATURE PAGE FOLLOWS]

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

THE DIRECTOR OF THE OHIO DEVELOPMENT SERVICES AGENCY

By: 
Name: Ryan D. Burgess
Title: Assistant Director

SPR THERAPEUTICS, LLC

By: 
Name: Maria E. Bennett
Title: President & CEO