UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 30, 2021 (September 29, 2021)

SPERO THERAPEUTICS, INC.
(Exact Name of registrant as specified in its charter)

Delaware	**001-38266**	**46-4590683**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

675 Massachusetts Avenue, 14th Floor **Cambridge, Massachusetts**	**02139**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (857) 242-1600

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value per share	**SPRO**	**The Nasdaq Global Select Market**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Item 1.01 Entry into a Material Definitive Agreement

On September 29, 2021, Spero Therapeutics, Inc. (the "Company") entered into a Revenue Interest Financing Agreement (the "Revenue Interest Agreement") with certain entities managed by Healthcare Royalty Management, LLC ("HCR"), pursuant to which the Company sold to HCR the right to receive certain royalty payments (the "Revenue Interests") from the Company for a purchase price of up to $125 million. The Company will receive $50 million from HCR at an initial funding in October 2021 (the "Initial Investment Amount"). The Company is entitled to receive an additional $50 million (the "Second Investment Amount") upon FDA approval of tebipenem HBr ("Tebi") for a complicated urinary tract infection ("cUTI") indication on or before December 31, 2022, and an additional $25 million subject to the mutual agreement of the Company and HCR if the Company meets certain minimum Tebi product sales thresholds in the U.S. within 12 months from commercial launch (the "Third Investment Amount," and together with the Initial Investment Amount and the Second Investment Amount, collectively, the "Investment Amount"). Funding of the Initial Investment Amount will occur by October 21, 2021, subject to the continued accuracy of the Company's representations and warranties through the funding date.

Under the Revenue Interest Agreement, HCR is entitled to receive tiered royalties on: (i) worldwide net sales of Included Products by the Company (and excluding sales by licensees), and (ii) any payments received by licensees, in each case of Tebi, SPR720, SPR206 and any other products marketed by the Company (the "Included Products") in amounts ranging from 12% to 1% based on annual Net Revenues (or 14% to 1.5% if the Third Investment Amount is funded). The applicable royalty rate is subject to a one-time step-down if certain sales milestones are met. HCR's right to receive royalties on Net Revenues will terminate when HCR has received aggregate payments equal to 250% of the Investment Amount (the "Hard Cap"). The Hard Cap will be $250 million upon Tebi approval, or $312.5 million if the Third Investment Amount is funded.

If the Company has not received FDA approval for Tebi for a cUTI indication on or prior to December 31, 2022, the Revenue Interest Agreement will terminate and the Company will pay to HCR an amount equal to the Initial Investment Amount plus interest equal to an annual 13.5% rate of return.

If HCR has not received aggregate payments of at least 60% of the Investment Amount by September 30, 2025 and at least 100% of the Investment Amount by September 30, 2027 (each, a "Minimum Amount"), then the Company will be obligated to make a cash payment to HCR in an amount sufficient to gross HCR up to the applicable Minimum Amount.

Upon the occurrence of an event of default or a change of control under the Revenue Interest Agreement, the Company will be required to pay to HCR an amount equal to the Hard Cap, minus aggregate payments made to HCR under the Revenue Interest Agreement (the "Final Payment Amount"), and the Revenue Interest Agreement will terminate. In the event of certain other material breaches of the Revenue Interest Agreement or the occurrence of a "material adverse effect" (as defined), HCR will have the right to terminate the Agreement, whereby the Company will pay to HCR an amount equal to the Initial Investment Amount, plus an annual 15% rate of return, minus aggregate payments made to HCR under the Revenue Interest Agreement. The Revenue Interest Agreement will terminate after twelve years, unless terminated earlier as stated above or upon making aggregate payments equal to the Hard Cap. In the event that the Revenue Interest Agreement terminates on the twelfth anniversary of the initial closing, the Company may be required to make a payment to HCR at that time to ensure that HCR will have received aggregate payments equal to the Investment Amount, plus an annual 2% rate of return over the term of the agreement.

Under the Revenue Interest Agreement, the Company has agreed to specified affirmative and negative covenants, including covenants to use commercially reasonable efforts to promote Tebi in the United States; prosecute and defend intellectual property rights; periodic reporting of information by the Company to HCR; audits of royalty payments made under the Revenue Interest Agreement; and restrictions on the ability of the Company or any of its subsidiaries to incur indebtedness, subject to certain exceptions. The Revenue Interest Agreement also contains representations and warranties, other covenants, indemnification obligations, and other provisions customary for transactions of this nature.

Also on September 29, 2021, the Company entered into a Security Agreement with HCR Collateral Management, LLC, as collateral agent for HCR under the Revenue Interest Agreement. Pursuant to the Security Agreement, the

Company granted HCR a first-priority blanket lien on Tebi assets, including Tebi patent rights, Tebi regulatory approvals, and Tebi material contracts, as well as future cash receipts relating to product sales. Additionally, the Company will grant HCR a lien on equity interests of any subsidiaries that hold Tebi-related assets and any such subsidiaries will become guarantors under the Security Agreement. In the event of an event of default under the Revenue Interest Agreement, HCR would have the right to foreclose on the pledged collateral and exercise customary creditors' rights and remedies under a deposit account control agreement covering a collection account that will receive all revenues from product sales.

The above descriptions of the Revenue Interest Agreement and Security Agreement are a summary of the material terms of such agreements and do not purport to be complete. The summary is qualified in its entirety by reference to the Revenue Interest Agreement and Security Agreement attached hereto as Exhibit 10.1 and 10.2, respectively.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

The information in Item 1.01 above relating to the Company's obligations to make payments with respect to the Revenue Interests is incorporated by reference into this Item 2.03.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Description
10.1	Revenue Interest Financing Agreement, dated September 29, 2021, by and between Spero Therapeutics, Inc. and entities managed by HealthCare Royalty Management, LLC.*
10.2	Security Agreement, dated September 29, 2021, by and between Spero Therapeutics, Inc. and HCR Collateral Management, LLC.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

* Portions of exhibit have been omitted for confidentiality purposes.

FORWARD LOOKING STATEMENTS

This report may contain forward-looking statements. These statements may include, but are not limited to, statements about the initiation, timing and submission to the FDA of a NDA for tebipenem HBr and the potential approval of tebipenem HBr by the FDA; the ability of the Company to receive payments under the HCR financing facility; and the Company's cash runway forecast and anticipated expenses, the sufficiency of cash resources and the availability of additional non-dilutive funding from governmental agencies beyond any initially funded awards. In some cases, forward-looking statements can be identified by terms such as "may," "will," "should," "expect," "plan," "aim," "anticipate," "could," "intent," "target," "project," "contemplate," "believe," "estimate," "predict," "potential" or "continue" or the negative of these terms or other similar expressions. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including the Company's ability to timely complete the NDA submission to the FDA for tebipenem HBr; the Company's need for additional funding; the lengthy, expensive, and uncertain process of clinical drug development; whether results obtained in preclinical studies and clinical trials will be indicative of results obtained in future clinical trials; the Company's reliance on third parties to manufacture, develop, and commercialize its product candidates, if approved; the ability to develop and commercialize the Company's product candidates, if approved; the potential impact of the COVID-19 pandemic; the Company's ability to retain key personnel and to manage its growth; whether the Company's cash resources will be sufficient to fund its continuing operations for the periods and/or trials anticipated; and other factors discussed in the "Risk Factors" set forth in filings that the Company periodically makes with the U.S. Securities and Exchange Commission. Any forward-looking statements included in this report represent the Company's views as of the date of this report. The Company anticipates that subsequent events and developments will cause its views to change. However, while the Company may elect to update these forward-looking statements at some point in the future, it specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this report.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SPERO THERAPEUTICS, INC.

Date: September 30, 2021

By: /s/ Tamara Joseph
Tamara Joseph
Chief Legal Officer

Exhibit 10.1

Certain information has been omitted from this exhibit in places marked "[***]" because it is both not material and would likely cause competitive harm to the registrant if publicly disclosed or because it contains personally identifiable information omitted from this exhibit pursuant to Item 601(a)(6) under Regulation S-K.

Execution Version

REVENUE INTEREST FINANCING AGREEMENT

between

SPERO THERAPEUTICS INC.,
as the Company,

and

ENTITIES MANAGED BY HEALTHCARE ROYALTY MANAGEMENT, LLC, as the Investors

Dated September 29, 2021

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REVENUE INTEREST FINANCING AGREEMENT

This REVENUE INTEREST FINANCING AGREEMENT (this "Agreement") dated as of September 29, 2021 (the "Effective Date") is between SPERO THERAPEUTICS INC., a Delaware corporation (the "Company"), and the entities managed by HEALTHCARE ROYALTY MANAGEMENT, LLC listed on the signature pages hereto (the "Investors"). Each of the Company and the Investors are referred to in this Agreement as a "Party" and collectively as the "Parties".

W I T N E S S E T H:

WHEREAS, the Company is developing Tebi, SPR206 and SPR720 (each, as defined in Section 1.1) for the purposes of sale in the Territory; and

WHEREAS, the Company desires to secure financing from the Investor, and the Investor has indicated its willingness to provide financing, upon and subject to the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual agreements, representations and warranties set forth herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINED TERMS AND RULES OF CONSTRUCTION

Section 1.1 Defined Terms. The following terms, as used herein, shall have the following respective meanings:

"Acquired Debt" means Indebtedness (1) of a Person existing at the time such Person becomes a Subsidiary (which is not also a Guarantor) through the acquisition of the Equity Interests in such Subsidiary, (2) assumed by a Subsidiary (which is not also a Guarantor) in connection with the acquisition by such Subsidiary of assets from such Person or (3) of a Person at the time such Person merges or amalgamates with or into or consolidates or otherwise combines with any Subsidiary (which is not also a Guarantor), in each case so long as (i) such Indebtedness was not incurred in connection with, or in anticipation or contemplation of, such Person becoming a Subsidiary or such acquisition, merger, amalgamation or consolidation, as the case may be, (ii) no Special Termination Event, Default or Event of Default shall have occurred and be continuing or would result from such acquisition, merger, amalgamation or consolidation, as the case may be and (iii) the Company does not guarantee or assume any such Indebtedness.

"Acquisition" means, with respect to any Person, the acquisition by such Person, in a single transaction or in a series of related transactions, of (a) assets of another Person which constitute all or substantially all of the assets of such Person, or of any division, line of business or other business unit of such Person, (b) at least a majority of the Voting Stock of another Person, in each case whether or not involving a merger or consolidation with such other Person and whether for cash, property, services, assumption of Indebtedness, securities or otherwise, (c) one or more Acquisition Products of a Person or division, line of business or other business unit of another Person holding an Acquisition Product(s), or (d) IP Rights of a Person or division, line of business or other business unit of another Person holding such IP Rights.

"Acquisition Product" means any product or service developed, manufactured, marketed, offered for sale, promoted, sold, tested, used or otherwise distributed by a Person other than the Company or any of its Subsidiaries.

"Additional Amounts" has the meaning set forth in Section 3.1(i).

"Affiliate" means, with respect to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person. For purposes of this definition, "control" of a Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of securities entitled to elect the Board of Directors or management board, by contract or otherwise, and the terms "controlled" and "controlling" have meanings correlative to the foregoing.

"Annual Net Revenues" means, with respect to any Calendar Year, the aggregate amount of worldwide Net Revenues for that Calendar Year.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to the Company or any of its Affiliates from time to time concerning or relating to bribery or corruption, including without limitation the United States Foreign Corrupt Practices Act of 1977, as amended, the UK Bribery Act 2010 and other similar legislation in any other jurisdictions.

"Anti-Terrorism Laws" means any laws, rules, regulations or orders relating to terrorism or money laundering, including without limitation Executive Order No. 13224 (effective September 24, 2001), the USA PATRIOT Act, the laws comprising or implementing the Bank Secrecy Act, the Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto.

"Applicable Law" means, with respect to any Person, all Laws, rules, regulations and orders of Governmental Authorities applicable to such Person or any of its properties or assets.

"Applicable Tiered Percentage" means the percentage based on the applicable portion of Annual Net Revenues and the Investment Amount, as set forth in the chart below, and calculated as follows: (a) if either only the Initial Investment Amount is funded pursuant to Section 2.1(a), or both the Initial Investment Amount and the Second Investment Amounts are funded by the Investors pursuant to Section 2.1(a) and Section 2.1(b), respectively, the percentage set forth in the applicable row of column 1, or (b) if the Third Investment Amount is also funded by the Investors pursuant to Section 2.1(c), the percentage set forth in the applicable row of column 2:

Payment Tiers based on Annual Net Revenues	1. Only the Initial Investment Amount is funded pursuant to Section 2.1(a) or if the Initial Investment Amount and Second Investment Amounts are funded pursuant to Sections 2.1(a) and (b)	2. If the Third Investment Amount is also funded pursuant to Section 2.1(c)
A. Portion of Annual Net Revenues less than or equal to $250,000,000	12.0%	14.0%
B. Portion of Annual Net Revenues exceeding $250,000,000 and less than or equal to $500,000,000	4.0%	4.5%
C. Portion of Annual Net Revenues in excess of $500,000,000	1.0%	1.50%

provided that if cumulative Tebi U.S. Net Sales with respect to the period beginning on the date hereof and ending on December 31, 2024 exceed $325,000,000, then (i) each of the Applicable Tiered Percentages set forth in rows A and B shall be decreased by 2.50% for each Calendar Quarter, starting with the first Calendar Quarter of 2025, and (ii) each of the Applicable Tiered Percentages set forth in row C shall be decreased by 0.50% for each Calendar Quarter, starting with the first Calendar Quarter of 2025.

"Audited Financial Statements" means the audited consolidated balance sheet of the Company and its Subsidiaries for the fiscal year ended December 31, 2020, and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year of the Company and its Subsidiaries, including the notes thereto, audited by independent public accountants of recognized national standing and prepared in conformity with GAAP.

"Back-up Products" means SPR206 and SPR 720 and any other Products (other than Tebi) that the Company may develop or Commercialize.

"Back-up Product Patent Rights" means any Patent Rights relating to the Back-up Products, including the Owned Back-up Product Patent Rights and the Licensed Back-up Product Patent Rights.

"Bankruptcy Event" means the occurrence of any of the following in respect of a Person: (a) such Person shall generally not, shall be unable to, or an admission in writing by such Person of its inability to, pay its debts as they come due or a general assignment by such Person for the benefit of creditors; (b) the filing of any petition or answer by such Person seeking to adjudicate itself as bankrupt or insolvent, or seeking for itself any liquidation, winding-up,

reorganization, arrangement, adjustment, protection, relief or composition of such Person or its debts under any Applicable Law relating to bankruptcy, insolvency, receivership, winding-up, liquidation, reorganization, examination, relief of debtors or other similar Applicable Law now or hereafter in effect, or seeking, consenting to or acquiescing in the entry of an order for relief in any case under any such Applicable Law, or the appointment of or taking possession by a receiver, trustee, custodian, liquidator, examiner, assignee, sequestrator or other similar official for such Person or for any substantial part of its property; (c) corporate or other entity action taken by such Person to authorize any of the actions set forth in clause (a) or clause (b) above; or (d) without the consent or acquiescence of such Person, the commencement of an action seeking entry of an order for relief or approval of a petition for relief or reorganization or any other petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any present or future bankruptcy, insolvency or similar Applicable Law, or the filing of any such petition against such Person, or, without the consent or acquiescence of such Person, the commencement of an action seeking entry of an order appointing a trustee, custodian, receiver or liquidator of such Person or of all or any substantial part of the property of such Person, in each case where such petition or order shall remain unstayed or shall not have been stayed or dismissed within 90 days from entry thereof.

"Board of Directors" means (a) with respect to a company or corporation, the board of directors of the company or corporation or any committee thereof duly authorized to act on behalf of such board, (b) with respect to a partnership, the Board of Directors of the general partner of the partnership, (c) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof, and (d) with respect to any other Person, the board or committee of such Person serving a similar function.

"Business" means, at any time, a collective reference to the businesses operated by the Company and its Subsidiaries at such time.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by Applicable Law to remain closed.

"Calendar Quarter" means, for the first calendar quarter, the period beginning on the Initial Closing Date and ending on the last day of the calendar quarter in which the Initial Closing Date falls, and thereafter each successive period of three (3) consecutive calendar months ending on March 31, June 30, September 30 or December 31.

"Calendar Year" means (a) for the first such Calendar Year, the period beginning on the Initial Closing Date and ending on December 31 of the calendar year in which the Initial Closing Date occurs, (b) for each calendar year of the Payment Term thereafter, each successive period beginning on January 1 and ending twelve (12) consecutive calendar months later on December 31, and (c) for the last year of the Payment Term, the period beginning on January 1 of the year in which this Agreement expires or terminates and ending on the effective date of expiration or termination of this Agreement.

"CDA" means the Confidentiality Agreement dated as of March 25, 2019 (as amended on March 8, 2021) by and between HealthCare Royalty Management, LLC and the Company.

"CFC" means any Foreign Subsidiary that is a "controlled foreign corporation" within the meaning of Section 957(a) of the Internal Revenue Code.

"Change of Control" means the occurrence of any of the following events:

(a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, but excluding: (1) any employee benefit plan of such person or its Subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan, and (2) the Investors and their Affiliates) is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person or group shall be deemed to have "beneficial ownership" of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an "option right")), directly or indirectly, of Equity Interests representing more than 50% of the aggregate ordinary voting power in the election of the Board of Directors of the Company represented by the issued and outstanding Equity Interests of the Company on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right) provided, however, that (x) a person shall not be deemed beneficial owner of, or to own beneficially, (A) any securities tendered pursuant to a tender or exchange offer made by or on behalf of such person or any of such person's Affiliates until such tendered securities are accepted for purchase or exchange thereunder, or (B) any securities if such beneficial ownership (i) arises solely as a result of a revocable proxy delivered in response to a proxy or consent solicitation made pursuant to the applicable rules and regulations under the Exchange Act, and (ii) is not also then reportable on Schedule 13D (or any successor schedule) under the Exchange Act and (y) a transaction will not be deemed to involve a change of control under this clause (a) if (A) the Company becomes a direct or indirect wholly owned subsidiary of a holding company and (B)(i) the direct or indirect holders representing more than 50% of the aggregate voting Equity Interests of such holding company immediately following that transaction are the same as the holders representing more than 50% of the Company's aggregate voting Equity Interests immediately prior to that transaction and each holder holds the same percentage of voting Equity Interests of such holding company as such holder held of the Company's voting Equity Interests immediately prior to that transaction or (ii) the Company's voting Equity Interests outstanding immediately prior to such transaction are converted into or exchanged for, a majority of the voting Equity Interests of such holding company immediately after giving effect to such transaction;

(b) any "change of control", "fundamental change" or any comparable term shall occur under any Permitted Debt Facility Document; or

(c) the Company or any of its Subsidiaries grants or transfers the right to market, detail, promote or sell Tebi to any Person in the United States, other than to a Permitted Licensee.

"Change of Control Payment" has the meaning set forth in Section 3.1(c).

"Closing" has the meaning set forth in Section 8.1.

"Closing Date" means the Initial Closing Date or a Subsequent Closing Date, as applicable.

"Collateral" means all of each Company Party's right, title and interest in, to and under the following, whether now owned or hereafter acquired:

(a) the Tebi Material Contracts (including, without limitation, the Meiji License Agreement and any other License Agreements);

(b) the IP Rights relating to Tebi throughout the world (including, for the avoidance of doubt, the Tebi Patent Rights), including without limitation (i) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including damages and payments for past, present or future infringements thereof, (ii) rights corresponding thereto and (iii) rights to sue for past, present or future infringements thereof, in each such case, which are owned or controlled by, issued or licensed to, licensed by, or hereafter acquired or licensed by, the Company or any Subsidiary, including without limitation those identified in Schedule 4.10;

(c) the New Drug Application relating to Tebi;

(d) gross receivables of the Company and its Subsidiaries with respect to Tebi;

(e) the Collection Account and all rights (contractual and otherwise and whether constituting accounts, contract rights, financial assets, cash, investment property or general intangibles) arising under, connected with or in any way related to the Collection Account;

(f) all of the Equity Interests in the Guarantors, if any;

(g) to the extent that any Subsidiary that owns any portion of any asset relating to Tebi is organized as a Massachusetts Securities Corporation, all of the Equity Interests in such Subsidiary;

(h) to the extent that any Subsidiary that owns any portion of any asset relating to Tebi is an Excluded Subsidiary, 100% of the non-voting Equity Interests (if any) and 65% of the voting Equity Interests in such Excluded Subsidiary;

(i) any assets relating to Tebi in any material respect that may be acquired by any Grantor after the Initial Closing Date; and

(j) all proceeds resulting from the assets described in each of the foregoing clauses.

For the avoidance of doubt, "Collateral" does not include the Back-up Products.

"Collateral Documents" has the meaning ascribed thereto in the Security Agreement.

"Collection Account" means the Deposit Account established and maintained at any Depositary Bank solely for the purpose of receiving remittances from the Lockbox Account of proceeds of accounts and royalty receivables of the Company arising from sales of the Included Products or Other Royalty Payments and disbursement thereof as provided herein, and any successor Collection Account entered into in accordance with Section 3.2(d).

"Commercialization" means, on a country-by-country basis, any and all activities with respect to the manufacture, distribution, marketing, detailing, promotion, selling and securing of reimbursement of Included Products in a country after Marketing Authorization for an Included Product in that country has been obtained, which shall include, as applicable, post-marketing approval studies, post-launch marketing, promoting, detailing, marketing research, distributing, customer service, selling the Included Product, importing, exporting or transporting the Included Product for sale, and regulatory compliance with respect to the foregoing. When used as a verb, "Commercialize" means to engage in Commercialization.

"Commercially Reasonable and Diligent Efforts" means, with respect to the efforts to be expended with respect to Tebi in the United States, such efforts and resources normally used by a reasonably prudent company in the biotechnology industry of a size and product portfolio comparable, and with similar resources available, to the Company and its Affiliates, with the marketing, sale and product development and research plans similar to similarly situated companies in the biopharmaceutical industry, taken as a whole, in which pharmaceutical product is owned or licensed in the same manner as Tebi, which pharmaceutical product is at a similar stage in its product life and of similar market and profit potential as Tebi, taking into account efficacy, safety, approved labeling, the competitiveness of alternative products, pricing/reimbursement for the pharmaceutical product, the intellectual property and regulatory protection of the pharmaceutical product, the regulatory structure and the profitability of the pharmaceutical product, all as measured in the United States by the facts and circumstances in existence at the time such efforts are due.

"Company" has the meaning set forth in the preamble.

"Company Account" means an account established for the benefit of the Company that is not subject to the Deposit Agreement.

"Company Indemnification Obligations" has the meaning set forth in Section 10.1.

"Company Indemnified Party" has the meaning set forth in Section 10.2.

"Company Party" means any of the Company and the Guarantors.

"Comparable Yield" has the meaning set forth in Section 6.21(a).

"Compliance Certificate" means a certificate substantially in the form of Exhibit B.

"Confidential Information" means any and all technical and non-technical non-public information provided by either Party to the other (including, without limitation, the reports provided pursuant to Section 3.4 and any notices or other information provided pursuant to Section 6.3), either directly or indirectly, and including any materials prepared on the basis of such information, whether in graphic, written, electronic or oral form, and marked or identified at the time of disclosure as confidential, or which by its context would reasonably be deemed to be confidential, including without limitation information relating to a Party's technology, products and services, and any business, financial or customer information relating to a Party. The existence and terms of this Agreement shall be deemed the Confidential Information of both Parties. For clarity, this Agreement shall supersede the CDA and the CDA shall cease to be of any force and effect following the execution of this Agreement; provided, however, that all information falling within the definition of "Confidential Information" set forth in the CDA shall also be deemed Confidential Information disclosed pursuant to this Agreement, and the use and disclosure of such Confidential Information following the date of this Agreement shall be subject to the provisions of ARTICLE IX.

"Contract" means any contract, agreement, commitment, instrument, license, sublicense, subcontract, real or personal property lease or sublease, note, indenture, mortgage, bond, letter of credit, guarantee, purchase order, or other legally binding business arrangement, whether written or oral, together with any amendments, restatements, supplements or other modifications thereto.

"Contractual Obligation" means, as to any Person, any obligation arising under any Contract.

"Copyright License" means any agreement, whether written or oral, providing for the grant of any right to use any Work under any Copyright.

"Copyrights" means (a) all proprietary rights afforded Works pursuant to Title 17 of the United States Code, including, without limitation, all rights in mask works, copyrights and original designs, and all proprietary rights afforded such Works by other countries for the full term thereof (and including all rights accruing by virtue of bilateral or international treaties and conventions thereto), whether registered or unregistered, including, but not limited to, all applications for registration, renewals, extensions, reversions or restorations thereof now or hereafter provided for by Law and all rights to make applications for registrations and recordations, regardless of the medium of fixation or means of expression, which are owned by or licensed to the Company or any Subsidiary or with respect to which the Company or any Subsidiary is authorized or granted rights under or to; and (b) all copyright rights under the copyright Laws of the United States and all other countries for the full term thereof (and including all rights accruing by virtue of bilateral or international copyright treaties and conventions), whether registered or unregistered, including, but not limited to, all applications for registration, renewals, extensions, reversions or restorations of copyrights now or hereafter provided for by Law and all rights to make applications for copyright registrations and recordations, regardless of the medium of fixation or means of expression, which are owned by or licensed to the Company or any Subsidiary or with respect to which the Company or any Subsidiary is authorized or granted rights under or to.

"Cover" or "Covering" means, with reference to a Patent and a product, composition, article of manufacture, or method, that the manufacture, practice, use, offer for sale, sale or importation of the product, composition, article of manufacture, or method, would infringe a Valid Claim of such Patent, or with respect to a Valid Claim of a pending application for Patent, would infringe such Valid Claim if it were issued in the form pending, in each case in the country in which such activity occurs without a license thereto (or ownership thereof).

"cUTI" means complicated urinary tract infection.

"Debtor Relief Laws" means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

"Default" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Deposit Account" means a "deposit account" (as defined in Article 9 of the Uniform Commercial Code), investment account or other account in which funds are held or invested to or for the credit or account of any Party.

"Deposit Agreement" means the deposit account control agreement entered into by the Depositary Bank, the Investor Representative and the Company (and any Permitted Debt Creditors, if applicable), which shall be in form and substance reasonably acceptable to the Investor Representative and the Company, as amended, supplemented or otherwise modified from time to time and any replacements thereof.

"Depositary Bank" means Silicon Valley Bank or such other bank or financial institution approved by the Investor Representative and the Company, including any successor Depositary Bank appointed pursuant to Section 3.2(d).

"Designated Jurisdiction" means any country, territory or region to the extent that such country, territory or region is the subject of any Sanction.

"Disposition" or "Dispose" means the sale, transfer, out-license, lease or other disposition (including any Sale and Leaseback Transaction or any issuance by any Subsidiary of its Equity Interests other than to a Company Party) of any property included in the Collateral (or owned by any Pledged Subsidiary and relating to Tebi) by any Company Party or any Affiliate of the Company, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith, but excluding the following (collectively, the "Permitted Transfers"): (a) the sale, lease, license, transfer or other disposition of inventory in the ordinary course of business, (b) the sale, lease, license, transfer or other disposition in the ordinary course of business of surplus, obsolete or worn out property no longer used or useful in the conduct of the Business of the Company and its Affiliates, (c) any sale, lease, license, transfer or other disposition of property to any Company Party; provided, that, if the transferor of such property is a Company Party (i) the transferee thereof must be a Company Party or (ii) to the extent such transaction constitutes an Investment, such transaction is permitted under Section 7.2, (d) the abandonment or other disposition of IP Rights that are not material or are no longer used or useful in any material respect in the Business of the Company and its Affiliates, (e) licenses, sublicenses, leases or subleases (other than relating to IP Rights, in each case) granted to third parties in the ordinary course of business and not interfering with the Business of the Company and its Affiliates, (f) any Involuntary Disposition or any sale, lease, license or other

disposition of property (other than, for the avoidance of doubt, IP Rights) in settlement of, or to make payment in satisfaction of, any property or casualty insurance, (g) dispositions consisting of the sale, transfer, assignment or other disposition of unpaid and overdue accounts receivable in connection with the collection, compromise or settlement thereof in the ordinary course of business and not as part of a financing transaction, (h) Permitted Licenses, (i) to the extent constituting Permitted Liens, (j) sales, leases, licenses, transfers or other dispositions of property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such sale, lease, license, transfer or other disposition are promptly applied to the purchase price of similar replacement property, (k) the sale, transfer, issuance or other disposition of a *de minimis* number of shares of the Equity Interests of a Foreign Subsidiary of a Company Party in order to qualify members of the governing body of such Subsidiary if required by Applicable Law, and (l) the sale, lease, license, transfer or other disposition of any asset among non-Company Parties. It is understood and agreed that, notwithstanding anything to the contrary set forth in this definition, in no event shall a "Permitted Transfer" include any license of Tebi or owned by any Pledged Subsidiary and relating to Tebi (or any IP Rights associated therewith) other than Permitted Licenses.

"Disputes" has the meaning set forth in Section 4.10(j).

"Disqualified Capital Stock" means any Equity Interests that (i) by its terms, (ii) by the terms of any security into which it is convertible or for which it is exchangeable, or (iii) by contract or otherwise, is, or upon the happening of any event or passage of time would be, required to be redeemed, or is redeemable at the option of the holder thereof, in any such case on or prior to the date that is 91 days after the Legal Maturity Date; provided that only the portion of Equity Interests (or portion of security into which it is convertible or for which it is exchangeable) which is, or upon the happening of any event or passage of time would be, required to be redeemed, or is redeemable at the option of the holder thereof, on or prior to such date will be deemed to be Disqualified Capital Stock; and provided further that if such Equity Interests are issued to any plan for the benefit of directors, managers, employees, officers or consultants of the Company or its Subsidiaries or by any such plan to such directors, managers, employees, officers or consultants, such Equity Interests shall not constitute Disqualified Capital Stock solely because it may be required to be repurchased by the Company or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations. Notwithstanding the preceding sentence, any Equity Interests that would constitute Disqualified Capital Stock solely because the holders thereof have the right to require the redemption or repurchase of such Equity Interests upon the occurrence of a Change of Control, fundamental change or an asset sale will not constitute Disqualified Capital Stock if the "asset sale," "fundamental change" or "Change of Control" provisions applicable to such Equity Interests provide that the issuer thereof will not redeem or repurchase any such Equity Interests pursuant to such provisions prior to all other Obligations (other than contingent indemnification obligations for which no claim has been asserted) having been irrevocably paid in full in cash.

"Dollar" or the sign "$" means United States dollars.

"Domain Names" means all domain names and URLs that are registered and/or owned by or licensed to the Company or any Subsidiary or with respect to which the Company or any Subsidiary is authorized or granted rights under or to.

"Domestic Subsidiary" means any Subsidiary that is organized under the Laws of the United States, any state of the United States or the District of Columbia.

"Drug Application" means a New Drug Application or an Abbreviated New Drug Application, as those terms are defined in the FDCA and the FDA regulations promulgated thereunder, for any Included Product, as appropriate, in each case of the Company or any Subsidiary.

"Effective Date" has the meaning set forth in the preamble hereto.

"Equity Interests" means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member, membership or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

"ERISA" means the Employee Retirement Income Security Act of 1974 as amended.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Company within the meaning of Section 414(b) or (c) of the Internal Revenue Code (and Sections 414(m) and (o) of the Internal Revenue Code for purposes of provisions relating to Section 412 of the Internal Revenue Code).

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan, (b) the withdrawal of the Company or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a "substantial employer" as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA, (c) a complete or partial withdrawal (within the meaning of Sections 4203 and 4205 of ERISA) by the Company or any ERISA Affiliate from a Multiemployer Plan, (d) the filing by the plan administrator of a notice of intent to terminate a Pension Plan or the treatment of a Pension Plan amendment as a termination under Sections 4041 of ERISA, (e) the institution by the PBGC of proceedings under Section 4042 of ERISA to terminate a Pension Plan, (f) the determination that any Multiemployer Plan is considered an at-risk plan or a plan in endangered or critical status within the meaning of Section 432 of the Internal Revenue Code or Section 305 of ERISA or is insolvent, within the meaning of Section 4245 of ERISA, or has been terminated, within the meaning of Section 4041A of ERISA, (g) the determination that any Pension Plan is in at-risk status within the meaning of Section 303 of ERISA, or (h) the imposition of any liability pursuant to Sections 4062(e) or 4069 of ERISA or by reason of the application of Section 4212(c) of ERISA upon the Company or any ERISA Affiliate.

"Event of Default" means any of the events set forth on Schedule 11.1.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Excluded Foreign Subsidiary" means (a) any CFC and (b) any Subsidiary of a CFC.

"Excluded Liabilities and Obligations" has the meaning set forth in Section 2.2.

"Excluded Subsidiary" means (a) any Excluded Foreign Subsidiary and (b) any Foreign Subsidiary Holding Company, in each case, in respect of which either (a) the pledge of all of the Equity Interests of such Subsidiary as Collateral or (b) the guaranteeing by such Subsidiary of the Obligations, would, in the good faith judgment of the Company, with the consent of the Investor Representative, be reasonably expected to result in material adverse tax consequences to any Company Party.

"Excluded Taxes" means (i) Taxes imposed on or measured by the Investor's net income, however denominated, franchise (and similar) Taxes imposed in lieu of net income Taxes, and branch profits taxes (or any similar taxes), in each case, imposed by any jurisdiction as a result of the Investor being organized in or having its principal office in such jurisdiction, or as a result of any other present or former connection between the Investor and such jurisdiction other than any connections arising from executing, delivering, being a party to, engaging in any transactions pursuant to, performing its obligations under, receiving payments under, or enforcing this Agreement, (ii) Taxes attributable to the failure of the Investor to deliver any documentation reasonably requested by the Company that the Investor is legally eligible to deliver, (iii) any U.S. federal withholding Taxes, and (iv) any withholding Taxes imposed under FATCA.

"FATCA" means Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to current Section 1471(b)(1) of the Internal Revenue Code (or any amended or successor version described above) and any fiscal or regulatory legislation, rules or official administrative guidance adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Internal Revenue Code.

"FDA" means the U.S. Food and Drug Administration or any successor agency or authority thereto.

"Financial Statements" means the Audited Financial Statements and the Interim Financial Statements.

"Final Payment Amount" means as of any date of determination, the amount equal to the sum of (i) the applicable amount payable under Section 3.1(f), less the aggregate of all of the payments of the Company in respect of the Revenue Interests (including any Under Performance Payment) made to the Investor Representative prior to such date, *plus* (ii) any other Obligations payable by the Company Parties under this Agreement and the other Transaction Documents (if any).

"Foreign Subsidiary" means any Subsidiary that is not a Domestic Subsidiary.

"Foreign Subsidiary Holding Company" means any Subsidiary that has no material assets other than directly or indirectly owned Equity Interests in one or more CFCs or other Foreign Subsidiary Holding Companies.

"Fundamental Representations" means those representations and warranties of the Company set forth in Section 4.1 (Organization), Section 4.2 (No Conflicts), Section 4.3 (Authorization), Section 4.4 (Ownership), Section 4.8 (No Broker's Fees), Section 4.10 (Intellectual Property Matters), Section 4.13 (Bankruptcy), Section 4.21 (Perfection of Security Interests) and Section 4.24 (Sanctions Concerns; Anti-Corruption Laws; PATRIOT Act).

"GAAP" means generally accepted accounting principles in effect as the standard financial accounting guidelines in the United States from time to time (consistently applied and on a basis consistent with the accounting policies, practices, procedures, valuation methods and principles used in preparing the Company's financial statements), and any successor thereto; provided that if a transition in such generally accepted accounting principles would substantively change the recognition of revenue with respect to Net Revenues (as currently defined) and its calculation as set forth this Agreement, then the Parties shall mutually agree to amendments to this Agreement in order to cause the amount of Revenue Interests as determined after giving effect to such transition in generally accepted accounting principles to be substantially the same as the amount of Revenue Interests as determined under generally accepted accounting principles in effect as the standard financial accounting guidelines in the United States as of the Effective Date.

"Governmental Authority" means the government of the United States, any other nation or any political subdivision thereof, whether state, local or otherwise, and any agency, authority (including supranational authority), commission, instrumentality, regulatory body, court, central bank or other Person exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including each Patent Office, the FDA and any other government authority in any jurisdiction.

"Governmental Licenses" means all authorizations issuing from a Governmental Authority, including the FDA, based upon or as a result of applications to and requests for approval from a Governmental Authority for the right to manufacture, import, store, market, promote, advertise, offer for sale, sell, use and/or otherwise distribute a Included Product, which are owned by or licensed to the Company or any Subsidiary, acquired by the Company or any Subsidiary via assignment, purchase or otherwise or that the Company or any Subsidiary is authorized or granted rights under or to.

"Grantors" means the Company and the Guarantors.

"Guarantors" means (i) each Subsidiary (other than the Excluded Subsidiaries) that own any portion of the Collateral as of the Initial Closing Date and (ii) any other Subsidiary of the Company that executes and delivers a Joinder Agreement pursuant to Section 6.1.

"Guaranty" means a customary guaranty attached to the Security Agreement, to be executed in favor of the Investor Representative, for the benefit of the Investor, by the Company and each of the Guarantors, as amended or modified from time to time in accordance with the terms hereof.

"Hard Cap" means two hundred fifty percent (250%) of the Investment Amount.

"Hedging Agreements" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Included Product" means Tebi and each Back-up Product. For clarity, references in this Agreement to "an" Included Product or to "the" Included Product(s) refer to any Included Product(s).

"Included Product Payment Amount" means, for each Calendar Quarter, an amount equal to the Applicable Tiered Percentage multiplied by the Quarterly Net Revenues for such Calendar Quarter. For clarity, the Applicable Tiered Percentage used to calculate the Included Product Payment Amount for a given Calendar Quarter will be based on the aggregate Net Revenues in the Territory billed or invoiced in such Calendar Quarter and all prior Calendar Quarters in the applicable Calendar Year. The Included Product Payment Amount for each Quarterly Payment Date shall be determined in a manner consistent with the example of such calculation set forth in Exhibit C.

"Indebtedness" of any Person means (a) any obligation of such Person for borrowed money, (b) any obligation of such Person evidenced by a bond, debenture, note or other similar instrument, (c) any obligation of such Person to pay the deferred purchase price of property or services (except (i) trade accounts payable that arise in the ordinary course of business, (ii) payroll liabilities and deferred compensation, and (iii) any purchase price adjustment, royalty, earnout, milestone payments, contingent payment or deferred payment of a similar nature incurred in connection with any license, lease, contract research and clinic trial arrangements or acquisition), (d) any obligation of such Person as lessee under a capital lease (under GAAP as in effect on the date hereof), (e) any obligation of such Person to purchase securities or other property that arises out of or in connection with the sale of the same or substantially similar securities or property, (f) any non-contingent obligation of such Person to reimburse any other Person in respect of amounts paid under a letter of credit or other guaranty issued by such other Person, (g) any Indebtedness of others secured by a Lien on any asset of such Person, and (h) any Indebtedness of others guaranteed by such Person; provided that intercompany loans among the Company and its Affiliates shall not constitute Indebtedness.

"Indemnified Taxes" means all Taxes imposed on or with respect to any payment made by or on account of any obligation of the Company under this Agreement, other than Excluded Taxes.

"Initial Closing Date" has the meaning set forth in Section 8.1(a).

"Initial Funding" has the meaning set forth in Section 2.1(a).

"Initial Funding Date" has the meaning set forth in Section 2.1(a).

"Initial Investment Amount" has the meaning set forth in Section 2.1(a).

"Intellectual Property" means all intellectual property, including but not limited to all proprietary information, trade secrets, Know-How, utility models; confidential information; inventions (whether patentable or unpatentable and whether or not reduced to practice or claimed in a pending patent application) and improvements thereto, Patents, registered or unregistered Trademarks, trade names and service marks (including all goodwill associated therewith), registered and unregistered Copyrights and all applications thereof.

"Interim Financial Statements" means the unaudited consolidated balance sheet of the Company and its Subsidiaries for the six month period year ended June 30, 2021, and the related consolidated statements of income or operations, shareholders' equity and cash flows for such period of the Company and its Subsidiaries, including the notes thereto (if any).

"Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended.

"Investment" means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests of another Person, (b) a loan, advance or capital contribution to, guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person and any arrangement pursuant to which the investor guarantees Indebtedness of such other Person, or (c) an Acquisition. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment but giving effect (without duplication) to all subsequent reductions in the amount of such Investment as a result of (x) any dividend, distribution, interest payment, return of capital, repayment or other payment or disposition thereof (valued at its fair market value at the time of such sale) or (y) any cancellation of any Investment in the form of a guarantee without payment therefor by such guarantor, in each case, not to exceed the original amount, or fair market value, of such Investment.

"Investment Amount" means the aggregate of the Initial Investment Amount and, if funded pursuant to Section 2.1(b) and Section 2.1(c), respectively, the Second Investment Amount and the Third Investment Amount.

"Investor" or "Investors" means the Persons identified as an "Investor" on the signature pages hereto and their successors and assigns.

"Investor Account" means such account as designated by the Investor Representative to the Company in writing from time to time.

"Investor Indemnification Obligations" has the meaning set forth in Section 10.2.

"Investor Indemnified Party" has the meaning set forth in Section 10.1.

"Investor Representative" means HealthCare Royalty Management, LLC, as agent for each of the Investors.

"Involuntary Disposition" means any loss of, damage to or destruction of, or any condemnation or other taking for public use of, any property of any Party or any of its Subsidiaries.

"IP Rights" means, collectively, all Confidential Information, all Copyrights, all Copyright Licenses, all Domain Names, all Drug Applications, all Governmental Licenses, all applications and requests for Governmental Licenses, all Other Intellectual Property, all Other IP Agreements, all Patents, all Patent Licenses, all Patent Rights (including, for the avoidance of doubt, the Tebi Patent Rights), all Proprietary Databases, all Proprietary Software, all Trademarks, all Trademark Licenses, all Trade Secrets, all Websites, all Website Agreements and all Regulatory Approvals, in each case, which are owned or controlled by, issued or licensed to, licensed by, or hereafter acquired or licensed by, the Company, including (but not limited to) the items listed on Schedule 4.10.

"IRS" means the United States Internal Revenue Service.

"Joinder Agreement" means a joinder agreement substantially in the form of Exhibit D executed and delivered by each Subsidiary in accordance with the provisions of Section 6.1.

"Know-How" means all non-public information, results and data of any type whatsoever, in any tangible or intangible form (and whether or not patentable), including databases, practices, methods, techniques, specifications, formulations, formulae, knowledge, skill, experience, data and results (including pharmacological, medicinal chemistry, biological, chemical, biochemical, toxicological and clinical study data and results), analytical and quality control data, stability data, studies and procedures, and manufacturing process and development information, results and data.

"Knowledge" means, with respect to the Company, (a) for purposes of Article IV, the knowledge, after due inquiry, as of the date of this Agreement, of any of the officers of the Company identified on Schedule 1.1, and (b) for all other purposes of this Agreement, the knowledge, after due inquiry, as of a specified time, of any of the officers of the Company identified on Schedule 1.1 or any successor to any such officer holding the same or substantially similar officer position at such time.

"Laws" means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case, whether or not, having the force of law.

"Legal Maturity Date" means the date that is the twelve (12) year anniversary of the Initial Closing Date.

"License Agreement" means (i) each agreement identified on Schedule 6.8 as of the Effective Date and (ii) any New License Agreements, which may be added to Schedule 6.8.

"Licensed Back-up Product Patent Rights" means all Back-up Product Patent Rights licensed or sublicensed to the Company or any of its Subsidiaries.

"Licensed Tebi Patent Rights" means all Tebi Patent Rights licensed or sublicensed to the Company or any of its Subsidiaries.

"Licensee" means, with respect to any Included Product, a Third Party to whom the Company or any Affiliate of the Company has granted a license or sublicense (or any Third Party to whom such Third Party has granted a license or sublicense) to develop, have developed, make, have made, seek Regulatory Approvals for, distribute, use, have used, import, sell, offer to sell, have sold or otherwise Commercialize such Included Product under the applicable License Agreement.

"Lien" means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property or other priority or preferential arrangement of any kind or nature whatsoever, in each case to secure payment of a debt or performance of an obligation, including any conditional sale or any sale with recourse.

"Lockbox Account" means the Deposit Account established and maintained at any Depositary Bank solely for the purpose of receiving remittance of proceeds of accounts and royalty receivables of the Company arising from sales of Included Products or Other Royalty Payments and disbursement thereof as provided herein, and any successor Lockbox Account entered into in accordance with Section 3.2(d).

"Loss" means any loss, assessment, award, cause of action, claim, charge, cost, expense (including reasonable expenses of investigation and reasonable attorneys' fees), fine, judgment, liability, obligation or penalty; provided, however that Loss shall not include any lost profits or revenue or consequential, punitive, special or incidental damages except (a) the amount of any Revenue Interests that are not received by Investor Representative due to failure by any Third Party to make payment thereof (other than resulting from any matter described in Section 10.1(a), (b), (c) or (d)) and (b) any lost profits or revenue or consequential, punitive, special or incidental damages awarded or payable by Investor to a Third Party in connection with a claim or action for which the Company is required to indemnify Investor pursuant to Section 10.1.

"Marketing Authorization" means, with respect to an Included Product, the Regulatory Approval required by Applicable Law to sell such Included Product in a country or region, including, to the extent required by Applicable Law for the sale of such Included Product, all pricing approvals and government reimbursement approvals.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the business, assets, properties, liabilities or financial condition of the Company and its Subsidiaries taken as a whole, (b) a material impairment of the rights and remedies of the Investors under any Transaction Document to which it is a party or a material impairment in the perfection or priority of the Investors' security interests in the Collateral, (c) an impairment of the ability of the Company Parties (taken as a whole) to perform their respective obligations under the Transaction Documents that could reasonably be expected to have a material adverse effect on the business, assets, properties, liabilities or financial condition of the Company and its Subsidiaries taken as a whole, (d) a material adverse effect upon the legality, validity, binding effect or enforceability against any Company Party of any Transaction Document to which it is a party or (e) an adverse effect (other than a *de minimis* effect) on the timing, amount or duration of payments due in respect of Net Revenues in accordance with the Transaction Documents or the right of the Investors to receive payments due in respect of Net Revenues.

"Material Contract Counterparty" means a counterparty to any Material Contract.

"Material Contracts" means each Contract to which the Company or any of its Subsidiaries is a party, and that is material to the marketing, sale, distribution, supply or production (including manufacturing, packaging or labeling) of any Included Product (including, without limitation, all waivers, amendments, supplements and other modifications thereto).

"Meiji License Agreement" means that certain License Agreement, dated June 14, 2017, by and between the Company and Meiji Seika Pharma Co., Ltd., as supplemented by Addendum to License Agreement, dated June 14, 2017.

"Minimum Multiple" means the multiples of the then-current Investment Amount as set forth in Column A of the chart in Section 3.1(b).

"Minimum Return Date" means the date on which the Investors have received aggregate payments on account of the Revenue Interest equal to 100% of the Investment Amount.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto.

"Multiemployer Plan" means any "employee benefit plan" (as defined in Section 3(3) of ERISA) that is a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA, to which the Company or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

"Net Revenues" means the Net Sales and Other Royalty Payments recognized as revenue by the Company and its Subsidiaries in accordance with GAAP.

"Net Sales" means, with respect to each Included Product, for any period of determination, the sum of: (a) "net revenue" with respect to the sale by the Company and any of its Subsidiaries of Included Products, as reported in the Company's (or its successor's) periodic reports filed with the SEC on Form 10-Q and Form 10-K (as applicable); and (b) for any sales of any Included Product by the Company or any Subsidiaries that are not reported in the Company's (or its successor's) periodic reports filed with the SEC on Form 10-Q and Form 10-K (as applicable) under the preceding clause (a) as "net revenue", then "net sales" of each Included Product shall be calculated in such case as the difference between (notwithstanding anything to the contrary and for the avoidance of doubt, no "net sales" calculated in the preceding clause (a) shall be included in the "net sales" calculation pursuant to clause (b)):

(i) the gross amount billed, invoiced or otherwise recognized as revenue in accordance with GAAP with respect to sales or other dispositions to a Third Party of the Included Product by the Company or any of its Subsidiaries, minus

(ii) the following deductions:

(a) rebates, credits or allowances actually granted for damaged or defective products, returns or rejections of Included Products or recalls, or for retroactive price reductions and billing errors;

(b) normal and customary trade, cash, quantity and other customary discounts, allowances and credits (including chargebacks) given to Third Parties in the ordinary course;

(c) excise taxes, sales taxes, duties, VAT taxes and other taxes to the extent imposed upon and paid with respect to the sales price, and a pro rata portion of pharmaceutical excise taxes imposed on sales of pharmaceutical products as a whole and not specific to Included Products (such as those imposed by the U.S. Patient Protection and Affordable Care Act of 2010, Pub. L. No. 111-148, as amended) (and excluding in each case national or local taxes based on income);

(d) freight, postage, shipping and shipping insurance expense and other transportation charges directly related to the distribution of the Included Product;

(e) non-affiliated brokers or agent commissions, distribution services agreement fees and other similar amounts allowed or paid to Third Party distributors, including specialty distributors of the Included Product;

(f) rebates made with respect to sales paid for by any Governmental Authority (including, without limitation, Medicaid and Medicare), their agencies and purchasers and reimbursers, managed health care organizations, or to trade customers;

(g) the portion of administrative fees paid during the relevant time period to group purchasing organizations or pharmaceutical benefit managers relating to the Included Product;

(h) any invoiced amounts that are not collected by the Company, its Affiliates or Licensees, including bad debts; and

(i) any customary or similar payments related to the foregoing (a) – (h) that apply to the sale or disposition of pharmaceutical products.

In the case of any sale or other disposal for value, such as barter or counter-trade, of an Included Product, or part thereof, other than in an arm's length transaction exclusively for cash, Net Sales shall be calculated as above on the value of the non-cash consideration received or the fair market price (if higher) of such Included Product in the country of sale or disposal, as determined in accordance with GAAP.

In the event that an Included Product is sold as part of a combination product (i.e., a pharmaceutical product comprised of two or more active pharmaceutical ingredients (a "Combination Product")), then Net Sales for such Combination Product in a Calendar Quarter (solely for the purposes of determining the applicable Revenue Interest payment amount to be paid) shall be calculated by multiplying the Net Sales of the Combination Product in such Calendar Quarter by the fraction: A divided by (A+B), in which A is the average selling price of the Included Product, as applicable, sold in substantial quantities comprising the related Included Product as the sole therapeutically active ingredient in the applicable country, and B is the average selling price of any product that is sold separately in substantial quantities comprising the other therapeutically active ingredients in such country, in each case during the accounting period in which the sales of the Combination Product were made, or if no sales of the Included Product, as applicable, or product comprising the other active ingredients occurred during such period, then such average selling prices as sold during the most recent accounting period in which such sales did occur in such country.

If an Included Product, as contained in such Combination Product, is not sold separately in finished form in such country, the Company and the Investor shall submit the matter to an independent valuation to be conducted by a valuation firm mutually accepted by the Parties. In the event that the Parties cannot mutually agree on an independent valuation firm, then the matter shall be resolved by binding arbitration before a panel of three arbitrators, consisting of a single arbitrator selected by each Party and the third arbitrator selected by the first two arbitrators. The arbitrators shall have experience in commercial valuation disputes and shall be drawn from the JAMS panel located in New York City. Any such determination shall be made in accordance with the above formula, and shall take into account in good faith any applicable allocations and calculations that may have been made for the same period in other countries. The decision of the arbitration panel shall be final.

"New Drug Application" means a New Drug Application, as defined in the FDCA and the FDA regulations promulgated thereunder.

"New License Agreement" means any partnership agreement, license agreement or similar agreement entered into by the Company, pursuant to which the Company or an Affiliate of the Company has granted a license or sublicense to any Third Party to develop, have developed, make, have made, seek Regulatory Approvals for, distribute, use, have used, import, sell, offer to sell, have sold or otherwise Commercialize Tebi.

"Obligations" means all liabilities, obligations, covenants and duties of any the Company Parties arising under this Agreement or any other Transaction Document with respect to the payment of the Revenue Interest (including any Under Performance Payment) up to the Hard Cap, any Special Termination Amount, and the obligations of the Company to pay any interest accrued on any unpaid Revenue Interests or the Final Payment Amount and reimburse or indemnify the Investors for any Losses incurred by the Investors in connection with the enforcement of its rights under this Agreement.

"OFAC" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"Orange Book" means the FDA publication "Approved Drug Products with Therapeutic Equivalence Evaluations," as may be amended from time to time.

"Orange Book Patents" means the Patents listed in the Orange Book by the Company and relating to Tebi.

"Organization Documents" means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction), (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement, and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"Other Intellectual Property" means all worldwide intellectual property rights, industrial property rights, proprietary rights and common-law rights, whether registered or unregistered, which are not otherwise included in Confidential Information, Copyrights, Copyright Licenses, Domain Names, Governmental Licenses, Other IP Agreements, Patents, Patent Licenses, Trademarks, Trademark Licenses, Proprietary Databases, Proprietary Software, Websites, Website Agreements and Trade Secrets, including, without limitation, all rights to and under all new and useful algorithms, concepts, data (including all clinical data relating to a Included Product), databases, designs, discoveries, inventions, know-how, methods, processes, protocols, chemistries, compositions, formulas, show-how, software (other than commercially available, off-the-shelf software that is not assignable in connection with a Change of Control), specifications for Included Products, techniques, technology, trade dress and all improvements thereof and thereto, in each of the foregoing cases, which is owned by or licensed to the Company or any Subsidiary or with respect to which the Company or any Subsidiary is authorized or granted rights under or to.

"Other IP Agreements" means any agreement, whether written or oral, providing for the grant of any right under any Confidential Information, Governmental License, application or request for a Governmental License, Proprietary Database, Proprietary Software, Trade Secret and/or any other IP Right, to the extent that the grant of any such right is not otherwise the subject of a Copyright License, Trademark License, Patent License or Website Agreement.

"Other Royalty Payments" means, without duplication, any partnership distributions, royalty payments, upfront payments, grant payments, milestone payments or similar payments or any other amounts payable by the Licensees to the Company or its Affiliates under or in respect of the applicable License Agreement or any other amounts or proceeds arising from the applicable License Agreement other than: (a) payments for payment or reimbursement of expenses, including patent prosecution, defense, enforcement or maintenance expenses in respect of any intellectual property or IP Rights; (b) the fair market value of payments received by Company for any debt and/or equity securities or instruments issued by Company, or payments for an acquisition of all or substantially all of its assets that include the assignment of this Agreement; (c) funds received as a reimbursement of expenses for bona fide research and development of Products (including payments for FTEs, clinical development and manufacturing expenses); and (d) currently unrecognized revenue from any cash payments received on or before the Initial Closing Date under lease agreements in effect as of the Initial Closing Date.

"Owned Back-up Product Patent Rights" means Back-up Product Patent Rights which are owned by the Company or its Subsidiaries.

"Owned Tebi Patent Rights" means Tebi Patent Rights which are owned by the Company or its Subsidiaries.

"Patent License" means any agreement, whether written or oral, providing for the grant of any right under any Patent.

"Patent Office" means the applicable patent office, including the United States Patent and Trademark Office and any comparable foreign patent office, for any Patents.

"Patent Rights" means, collectively, with respect to a Person, all Patents issued or assigned to, and all Patent applications and registrations made by, such Person (whether established or registered or recorded in the United States or any other country or any political subdivision thereof), together with any and all (i) rights and privileges arising under applicable Law with respect to such Person's use of any Patents, (ii) inventions and improvements described and claimed therein, (iii) reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof and amendments thereto, (iv) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including damages and payments for past, present or future infringements thereof, (v) rights corresponding thereto throughout the world and (vi) rights to sue for past, present or future infringements thereof, in each such case, related to the Included Products and which are owned or controlled by, issued or licensed to, licensed by, or hereafter acquired or licensed by, the Company or any Subsidiary, including without limitation those Patent Rights identified in Schedule 4.10.

"Patents" means all letters patent and patent applications in the United States and all other countries (and all letters patent that issue therefrom or from an application claiming priority therefrom) and all patent term extensions, supplementary protection certificates, reissues, reexaminations, extensions, renewals, divisions and continuations (including continuations-in-part and continuing prosecution applications) thereof, for the full term thereof, together with the right to claim the priority thereto and the right to sue for past infringement of any of the foregoing.

"Payment Term" means the time period commencing on the Initial Closing Date and expiring on the date upon which the Investor Representative has received in full (i) cash payments in respect of the Revenue Interests totaling, in the aggregate, the Hard Cap and (ii) any other Obligations payable by the Company Parties under this Agreement and the other Transaction Documents.

"Pension Plan" means any "employee pension benefit plan" (as defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is maintained or is contributed to by the Company and any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to minimum funding standards under Section 412 of the Internal Revenue Code.

"Permits" means licenses, Governmental Licenses, certificates, accreditations, Regulatory Approvals, other authorizations, registrations, permits, consents, clearances and approvals required in connection with the conduct of the Company's or any Subsidiary's Business or to comply with any Applicable Laws, and those issued by state governments for the conduct of the Company's or any Subsidiary's Business.

"Permitted Convertible Notes" means unsecured Indebtedness of the Company to be issued in the form of convertible notes; provided that: (i) such convertible notes shall not be guaranteed by any Subsidiary of the Company that is a Guarantor or any Subsidiary the Equity Interests of which are pledged to the Investor, (ii) the aggregate of the principal amounts of such convertible notes shall not exceed 20% of the market capitalization of the Company (determined at the time of signing of the definitive agreement for the issuance of such convertible notes, after taking into account the issuance of such convertible notes) and (iii) such convertible notes shall not have a maturity date earlier than the seventh anniversary of the Initial Closing Date.

"Permitted Convertible Notes Creditors" means the lenders or holders of Permitted Convertible Notes.

"Permitted Debt" means:

(a) At any time prior to the Company having received Marketing Authorization for Tebi for a cUTI indication, any of the following Indebtedness of the Company and its Subsidiaries (which, for purposes of determining whether such Indebtedness exceeds any maximum amount provided in the applicable clause below, shall be calculated on a consolidated basis with respect to the Company and its Subsidiaries); provided that, notwithstanding any other provision of this Agreement, the aggregate amount of new Indebtedness which the Company shall be permitted to incur pursuant to this clause (a) shall not exceed $5,000,000 in the aggregate:

(i) Indebtedness under the Transaction Documents;

(ii) unsecured Indebtedness to trade creditors incurred in the ordinary course of business;

(iii) Indebtedness incurred by the Company or its Subsidiaries consisting of (i) the financing of the payment of insurance premiums (ii) take or pay obligations contained in supply agreements, in each case, in the ordinary course of business or consistent with past practice, (iii) deferred compensation or equity based compensation to current or former officers, directors, consultants, advisors or employees thereof, in each case in the ordinary course of business and (iv) customer deposits and advance payments received in the ordinary course of business or consistent with past practice from customers for goods or services purchased in the ordinary course of business or consistent with past practice;

(iv) Indebtedness owed to any Person providing worker's compensation, health, disability or other employee benefits or property, casualty or liability insurance to the Company or any Subsidiary incurred in connection with such Person providing such benefits or insurance pursuant to customary reimbursement or indemnification obligations to such Person;

(v) Indebtedness in respect of performance, indemnity, bid, stay, customs, appeal, replevin and surety bonds, performance and completion guarantees and other similar bonds or guarantees, trade contracts, government contracts and leases, in each case, incurred in the ordinary course of business but excluding guaranties with respect to any obligations for borrowed money;

(vi) Indebtedness arising from (i) the honoring by a bank or other financial institution of a check, draft, or similar instrument drawn against insufficient funds in the ordinary course of business or other cash management services in the ordinary course of business; provided that such Indebtedness is extinguished within five (5) Business Days of notification to the Company of its incurrence and (ii) Treasury Management Arrangements;

(vii) judgments, decrees, attachments or awards (to the extent that they would be deemed Indebtedness) that do not constitute an Event of Default;

(viii) Indebtedness in the form of (i) guarantees of loans and advances to officers, directors, consultants, managers and employees, in an aggregate amount not to exceed ($1,000,000) at any one time outstanding, and (ii) reimbursements owed to officers, directors, managers, consultants and employees of the Company or any Subsidiary for business expenses of the Company or any Subsidiary;

(ix) Indebtedness consisting of obligations to make payments to current or former officers, directors and employees of the Company or any of its Subsidiaries, their respective estates, spouses or former spouses with respect to the cancellation, purchase or redemption of Equity Interests of the Company or any of its Subsidiaries to the extent such cancellation, purchase or redemption is permitted under Section 7.7;

(x) the incurrence by the Company or any Subsidiary of Indebtedness arising from agreements providing for indemnification, holdback, earnout, adjustment of purchase price, working capital adjustments or similar obligations, or guarantees or letters of credit, surety bonds or performance bonds securing any obligations of the Company or any Subsidiary pursuant to such agreements, in any case incurred in connection with the disposition or acquisition of any Business or assets of the Company or any Subsidiary or Equity Interests of a Subsidiary that is permitted under this Agreement; provided that the aggregate outstanding amount of such Indebtedness shall not exceed ($1,000,000) at any time outstanding;

(xi) Indebtedness secured by Liens of any of the types described under clauses (c), (d) and (g) of the definition of Permitted Liens, but only to the extent of the Indebtedness related thereto;

(xii) Indebtedness incurred to refinance the Permitted Debt set forth in subclauses (i) and (ii) of this clause (a); provided that the type and amount of such refinancing Indebtedness is permitted under such clause;

(xiii) other unsecured Indebtedness not otherwise permitted under clauses (i) through (xii) of this clause (a), provided that under no circumstances shall the aggregate outstanding principal amount of Indebtedness permitted under subclauses (i) through this subclause (xiii) of this clause (a) exceed $5,000,000; and

(xiv) the Indebtedness set forth on Schedule 4.16(b).

(b) At any time after the Company has received Marketing Authorization for Tebi for a cUTI indication, any of the following Indebtedness of the Company and its Subsidiaries (which, for purposes of determining whether such Indebtedness exceeds any maximum amount provided in the applicable clause below, shall be calculated on a consolidated basis with respect to the Company and its Subsidiaries):

(i) all Permitted Debt listed in clause (a) of this definition above;

(ii) the Indebtedness of the Company and its Subsidiaries in respect of any Permitted Debt Facility;

(iii) secured or unsecured revolving line(s) or credit (secured only by accounts receivable and inventory and assets which are unrelated to Tebi) in an amount not to exceed fifteen million dollars ($15,000,000);

(iv) Indebtedness incurred in connection with the provision of funds which are to be used solely to finance the development and/or Commercialization of a Back-up Product for which the Persons providing such funds agree that the sole source of repayment of such funds will be the Back-up Product so developed and/or Commercialized and the revenues generated by such Back-up Product, and the incurrence of which could not reasonably be expected to have a material adverse effect on the Collateral;

(v) Indebtedness incurred in connection with obtaining additional financing relating to Tebi, provided that the incurrence of any such Indebtedness shall be conditional upon (i) the Investor Representative having provided its written consent (to be granted or withheld in its sole discretion), and (ii) the entry by any party providing such additional financing into an intercreditor agreement with the Investors (and/or its Affiliates and/or designees) in form and substance satisfactory to the Investor Representative (in its sole discretion);

(vi) Guarantees of the Company and its Subsidiaries in respect of Indebtedness and other obligations of the Company and any Subsidiary otherwise permitted hereunder;

(vii) (i) Indebtedness of the Company or any Subsidiary of the Company supported by a letter of credit issued pursuant to any Permitted Debt Facility in an amount not in excess of the stated amount of such letter of credit, and (ii) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations incurred in the ordinary course of business; provided, that, the aggregate outstanding amount of such letters of credit issued under clause (ii) above shall not exceed ($1,000,000) at any time outstanding;

(viii) Acquired Debt provided that prior to the Minimum Return Date, the aggregate outstanding amount of all of the Acquired Debt shall not exceed $5,000,000 at any one time outstanding;

(ix) to the extent constituting Indebtedness, the grant of any indefeasible right of use or similar arrangements, including put rights granted in connection therewith;

(x) Indebtedness consisting of capitalized lease obligations and purchase money Indebtedness, in each case incurred to finance the acquisition, repair, improvement or construction of fixed or capital assets of such Person, provided that the principal amount of such Indebtedness does not exceed the lower of the cost or fair market value of the property so acquired or built or of such repairs or improvements financed with such Indebtedness (each measured at the time of such acquisition, repair, improvement or construction is made); provided, that, (i) the total of all such Indebtedness for all such Persons taken together shall not exceed an aggregate principal amount of $3,000,000 at any one time outstanding, (ii) such Indebtedness when incurred shall not exceed the purchase price of (or the repair, improvement or constructions costs for) the asset(s) financed and (iii) no such Indebtedness shall be refinanced, renewed or extended for a principal amount in excess of the principal balance outstanding thereon at the time of such refinancing, renewal or extension;

(xi) Indebtedness in respect of Hedging Agreements; provided, that, such obligations are (or were) entered into by such Person in the ordinary course of business for the purpose of directly mitigating risks associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated by such Person, or changes in the value of securities issued by such Person, and not for purposes of speculation or taking a "market view"; and

(xii) Indebtedness incurred to refinance the Permitted Debt set forth in any of subclauses (ii), (iii), (iv) and (v) of this clause (b); provided that the type and amount of such refinancing Indebtedness is permitted under such clause.

"Permitted Debt Creditors" means the lenders or noteholders, and any administrative agent, collateral agent, security agent or similar agent under any Permitted Debt Facility.

"Permitted Debt Facility" means an unsecured credit facility provided under the Permitted Convertible Notes.

"Permitted Debt Facility Documents" means the documents relating to the Permitted Convertible Notes.

"Permitted Licensee" means a Third Party counterparty to a nonexclusive license entered into in the ordinary course of the Company's Business in the development or manufacture of Tebi or the distribution of Tebi in the United States.

"Permitted Licenses" means, collectively,

(a) non-exclusive licenses of Tebi in the United States to a Permitted Licensee (except for (i) any agreement or arrangement which is the functional equivalent of an exclusive license in the United States or (ii) any agreement or series of agreements in respect of the Commercialization of Tebi in the United States that has the effect, taken as a whole, of prohibiting or materially restricting the Company from directly Commercializing Tebi in the United States) and

(b) licenses of Tebi outside the United States;

provided, that, with respect to each such license described in clause (a) or (b):

(i) no Special Termination Event, Default or Event of Default has occurred or is continuing at the time of entry into such license,

(ii) the license constitutes an arms-length transaction, the terms of which, on their face, do not provide for a sale or assignment from the Company or its Affiliates to a Third Party of any intellectual property that, at the time of execution of such license, comprises a portion of the Collateral or the assets of the Pledged Subsidiaries relating to Tebi (if any), and do not restrict the ability of the Company or any of its Subsidiaries, as applicable, to pledge, grant a Lien on or assign or otherwise transfer such intellectual property (in each case other than customary non-assignment provisions that restrict the assignability of the license but do not otherwise restrict the ability of the Company or any Subsidiary (as applicable) to pledge, grant a Lien on or assign any such intellectual property),

(iii) in the case of any exclusive license to Commercialize Tebi outside the United States, (A) the Company delivers to the Investor Representative a copy of the final executed exclusive license promptly upon consummation thereof, subject to reasonable redaction to comply with obligations of confidentiality, and (B) may be exclusive in respects other than Territory and may be exclusive as to Territory only as to geographical areas outside of the United States, and

(iv) all Other Royalty Payments with respect to Tebi that are payable to the Company or any of its Subsidiaries thereunder are paid to the Lockbox Account.

It is understood and agreed that, notwithstanding anything to the contrary set forth in this definition, in no event shall a "Permitted License" include any exclusive license to Commercialize Tebi (or any IP Rights associated therewith) in the United States (or any state or other political subdivision thereof).

"Permitted Liens" means:

(a) Liens created in favor of the Investors pursuant to the Transaction Documents;

(b) Liens incurred by the Investor;

(c) inchoate Liens for *ad valorem* property Taxes not yet delinquent;

(d) Liens in respect of property of the Company imposed by Applicable Law which were incurred in the ordinary course of business and do not secure Indebtedness for borrowed money, such as carriers', warehousemen's, distributors', wholesalers', materialmen's and mechanics' liens and other similar Liens arising in the ordinary course of business and secure payment obligations (i) not then due, (ii) if due, not yet overdue by more than thirty (30) days, (iii) that if overdue by more than thirty (30) days, are being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP or (iv) with respect to which the failure to make payment could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(e) Liens incurred in the ordinary course of business in connection with worker's compensation, unemployment insurance or other forms of governmental insurance or benefits, insurance, surety bonds, or other obligations of a like nature or to secure the performance of letters of credit, banker's acceptances, bids, tenders, statutory obligations, leases and contracts (other than for borrowed money) entered into in the ordinary course of business, other than any Lien imposed by ERISA which has resulted or would result in liability, together with any other Lien imposed by ERISA, in an aggregate amount in excess of ($1,000,000);

(f) Liens for Taxes, assessments and governmental charges that are not delinquent or remain payable without any penalty or that are being contested in good faith and with due diligence by appropriate proceedings and for which adequate reserves have been established in accordance with GAAP;

(g) banker's liens for collection or rights of set off or similar rights and remedies as to funds maintained with depositary institutions; provided that such funds are not established or deposited for the purpose of providing collateral for any Indebtedness and are not subject to restrictions on access by the Company in excess of those required by applicable banking regulations;

(h) Liens on assets and rights that do not constitute (i) any portion of the Collateral or (ii) the assets of the Pledged Subsidiaries relating to Tebi (if any);

(i) Liens in favor of the Company or any Subsidiary;

(j) Liens on property or Equity Interests of another Person existing at the time such other Person becomes a Subsidiary of the Company; provided that such Liens were in existence prior to the contemplation of such merger, amalgamation or consolidation and do not extend to any assets other than those of the Person that becomes a Subsidiary of the Company and provided, further that such Liens were granted to secure repayment of Acquired Debt.

(k) Liens on property of a Person existing at the time of acquisition thereof by the Company or any Subsidiary of the Company; provided that such Liens were in existence prior to the contemplation of such acquisition and do not extend to any property other than the property so acquired by the Company or the Subsidiary and provided, further that such Liens were granted to secure repayment of Acquired Debt.

(l) Liens on Equity Interests of Subsidiaries that are not (i) Guarantors or (ii) Pledged Subsidiaries;

(m) Liens existing on the date of this Agreement;

(n) Liens securing Indebtedness permitted to be incurred under clause (p) of the definition of "Permitted Debt" covering only the assets acquired with or financed by such Indebtedness; provided that individual financings provided by one lender may be cross collateralized to other financings provided by such lender or its Affiliates;

(o) customary Liens incurred in the ordinary course of business to secure obligations in respect of payment processing services, business credit card programs, and netting services, overdrafts and related liabilities arising from treasury, depositary and cash management services;

(p) Liens on insurance policies, premiums and proceeds thereof, or other deposits, to secure insurance premium financings with respect to unearned premiums and other liabilities to insurance carriers;

(q) Liens on specific items of inventory or other goods (and the proceeds thereof) of the Company securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(r) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(s) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(t) any interest or title of a lessor or licensor under any lease, sublease, license or sublicense entered into by the Company or any Subsidiary entered into in the ordinary course of its business;

(u) Liens on cash collateral securing hedging agreements entered into for bona fide hedging purposes in the ordinary course of business and not for speculative purposes; and

(v) survey exceptions, encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real property or Liens incidental to the conduct of the business of such Person or to the ownership of its properties that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(w) (i) Liens securing or arising out of judgments, decrees, orders, awards or notices of *lis pendens* and associated rights related to litigation with respect to which such Person shall then be proceeding with an appeal or other proceedings for review, or in respect of which the period within which such appeal or proceedings may be initiated shall not have expired, and Liens on litigation proceeds securing obligations to pay expenses incurred in connection with such litigation and (ii) Liens arising from judgments, decrees, attachments or awards that do not constitute an Event of Default;

(x) Liens in favor of collecting or payor banks having a right of setoff, revocation, refund or chargeback with respect to money or instruments of the Company or any Subsidiary on deposit with or in possession of such bank;

(y) any interest or title of a lessor, licensor or sublicensor in the property subject to any lease, license or sublicense (including, without limitation, the Meiji License Agreement);

(z) Liens on equipment or inventory of the Company or any Subsidiary granted in the ordinary course of business to the Company's or such Subsidiary's supplier at which such equipment or inventory is located;

(aa) Liens arising from precautionary Uniform Commercial Code financing statements regarding operating leases or consignments and other precautionary UCC financing statements or similar filings;

(bb) Liens on any assets held by a trustee (i) under any indenture or other debt instrument where the proceeds of the securities issued thereunder are held in escrow pursuant to customary escrow arrangements pending the release thereof, and (ii) under any indenture pursuant to customary discharge, redemption or defeasance provisions;

(cc) Liens of (i) a collection bank arising under Section 4 210 of the Uniform Commercial Code (or any analogous statutory provision of applicable foreign Law) on items in the course of collection and which arise from general banking conditions, (ii) attaching to commodity trading accounts or other commodities brokerage accounts incurred in the ordinary course of business and (iii) in favor of a banking or other financial institution arising as a matter of law or under customary general terms and conditions encumbering deposits or other funds maintained with a financial institution (including the right of setoff) and that are within the general parameters customary in the banking industry or arising pursuant to such banking institutions general terms and conditions; or

(dd) Liens on deposits or other amounts held in escrow to secure payments (contingent or otherwise) payable by the Company with respect to (i) the settlement, satisfaction, compromise or resolution or judgments, litigation, arbitration or other Disputes and (ii) any commercial contracts for manufacturing, production and other service arrangements entered into in the ordinary course of business.

"Person" means any natural person, firm, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or any other legal entity, including public bodies, whether acting in an individual, fiduciary or other capacity.

"Personal Information" has the meaning set forth in Section 4.25(b).

"Plan" means any "employee benefit plan" within the meaning of Section 3(3) of ERISA (including a Pension Plan) that is maintained for employees of the Company or, in the case of any Pension Plan, any ERISA Affiliate or to which the Company or, in the case of any Pension Plan, any ERISA Affiliate is required to contribute on behalf of any of its employees.

"Pledged Subsidiaries" has the meaning set forth in Section 6.1.

"Product" means any product or service developed, imported, manufactured, marketed, offered for sale, promoted, sold, tested or otherwise distributed by the Company or any Subsidiary, including, without limitation, the Included Products.

"Product Plan" means the key manufacturing, marketing, sale and product development and research plans with respect to Tebi set forth on Schedule 1.5.

"Proprietary Databases" means any material non-public proprietary database or information repository that is owned by or licensed to the Company or any Subsidiary or with respect to which the Company or any Subsidiary is authorized or granted rights under or to.

"Proprietary Software" means any proprietary software (other than any software that is generally commercially available, off-the-shelf and/or open source) including, without limitation, the object code and source code forms of such software and all associated documentation, which is owned by or licensed to the Company or any Subsidiary or with respect to which the Company or any Subsidiary is authorized or granted rights under or to.

"Purpose" has the meaning set forth in Section 9.1.

"Qualified Capital Stock" of any Person means any Equity Interests of such Person that are not Disqualified Capital Stock.

"Quarterly Net Revenues" means, with respect to any Calendar Quarter, the aggregate amount of Net Revenues in the Territory for that Calendar Quarter.

"Quarterly Payment Date" means each March 31, May 15, August 15 and November 15 following the end of the first Calendar Quarter after the Initial Closing Date (provided if any such date is not a Business Day, the Quarterly Payment Date shall be the next succeeding Business Day).

"Recipient" has the meaning set forth in Section 9.1.

"Reference Date" means the reference dates set forth in the Column B of the chart in Section 3.1(b).

"Regulatory Agency" means a Governmental Authority with responsibility for the approval of the marketing and sale of pharmaceuticals or other regulation of pharmaceuticals in any jurisdiction.

"Regulatory Approvals" means, collectively, all regulatory approvals, registrations, certificates, authorizations, permits and supplements thereto, as well as associated materials (including the product dossier) pursuant to which the Included Product may be marketed, sold and distributed in a jurisdiction, issued by the appropriate Regulatory Agency.

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than events for which the thirty-day notice period has been waived.

"Responsible Officer" means the chief executive officer, president, chief financial officer, chief operating officer, senior vice president, general counsel, managing director, vice president of finance, treasurer, assistant treasurer or controller of a Company Party and, solely for purposes of the delivery of certificates pursuant to this Agreement, the secretary or any assistant secretary of a Company Party. Any document delivered hereunder that is signed by a Responsible Officer of a Company Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Company Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Company Party.

"Restricted Payment" means (a) any dividend or other distribution, direct or indirect, on account of any shares (or equivalent) of any class of Equity Interests of the Company or any of its Subsidiaries, now or hereafter outstanding, (b) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of (i) any shares (or equivalent) of any class of Equity Interests of the Company or any of its Subsidiaries, now or hereafter outstanding or (ii) any call option on any shares (or equivalent) of any class of Equity Interests of the Company or any of its Subsidiaries (irrespective of whether such call option can be cash, net share or physically settled), (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of Equity Interests of the Company or any of its Subsidiaries, now or hereafter outstanding and (d) any payment made in cash to the holders of Permitted Debt under the Permitted Debt Facility Documents in excess of the original principal (or notional) amount thereof, interest thereon and any fees due thereunder.

"Revenue Interests" means all of the Company's rights, title and interest in and to, free and clear of any and all Liens, that portion of the Annual Net Revenues of the Company in an amount equal to the Included Product Payment Amount for each Calendar Quarter during the Payment Term.

"Safety Notices" means any recalls, field notifications, market withdrawals, warnings, "dear doctor" letters, investigator notices, safety alerts or other notices of action issued or instigated by the Company, any Subsidiary or any Governmental Authority relating to an alleged lack of safety or regulatory compliance of the Included Products.

"Sale and Leaseback Transaction" means, with respect to any Party or any Subsidiary, any arrangement, directly or indirectly, with any Person whereby the Party or such Subsidiary shall sell or transfer any property used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold or transferred.

"Sanction(s)" means any sanction administered or enforced by the United States government (including, without limitation, OFAC), the United Nations Security Council, the European Union, Her Majesty's Treasury ("HMT") or other relevant sanctions authority.

"SEC" means the Securities and Exchange Commission or any successor agency or authority thereto.

"Second Investment Amount" has the meaning set forth in Section 2.1(b).

"Securities Account" means a "securities account" (as defined in Article 8 of the Uniform Commercial Code) or other account to or for the credit or account of any Party to which a financial asset is or may be credited in accordance with an agreement under which the Person maintaining the account undertakes to treat the Person for whom the account is maintained as entitled to exercise the rights that comprise the financial asset.

"Security Agreement" means a customary security agreement dated as of the Initial Closing Date executed in favor of the Investor Representative, for the benefit of the Investor, by the Company and each of the Guarantors, as amended or modified from time to time in accordance with the terms hereof.

"Set-off" means any set-off, off-set, reduction or similar deduction.

"Special Maturity Payment Amount" means the amount calculated in accordance with Exhibit E.

"Special Termination Amount" means the amount calculated in accordance with Schedule 1.3.

"Special Termination Event" has the meaning set forth in Schedule 1.3.

"SPR206" means the compound described on Schedule 1, the Company's novel intravenous antimicrobial product candidate for the treatment of MDR Gram-negative infections in the hospital, including any modifications or improvements thereto.

"SPR720" means the compound described on Schedule 1, the Company's oral antimicrobial agent product candidate for the treatment of non-tuberculous mycobacterial (NTM) lung disease, including any modifications or improvements thereto.

"Subsequent Closing Date" means the Second Closing Date and the Third Closing Date.

"Subsidiary" means with respect to any Person (a) any entity as to which such Person directly or indirectly owns outstanding voting securities with power to vote fifty percent (50%) or more of the outstanding Voting Stock of such entity or (b) any entity as to which fifty percent (50%) or more of its outstanding Voting Stock are directly or indirectly owned, controlled or held by such Person with power to vote such securities. As of the Effective Date, the Subsidiaries of the Company are set forth on Schedule 4.20.

"Tax" or "Taxes" means any U.S. federal, state, local or non-U.S. tax, levy, impost, duty, assessment or withholding or other similar fee, deduction or charge, including all excise, sales, use, value added, transfer, stamp, documentary, filing, recordation and other fees imposed by any taxing authority (and interest, fines, penalties and additions related thereto).

"Tebi" means the compound described on Schedule 1, the Company's oral antimicrobial agent product candidate, and any pharmaceutical or biological composition containing tebipenem pivoxil hydrobromide, including any modifications or improvements thereto.

"Tebi Material Contract" means any Material Contract relating to Tebi.

"Tebi Patent Rights" means any Patent Rights relating to Tebi, including the Owned Tebi Patent Rights and the Licensed Tebi Patent Rights.

"Tebi U.S. Net Sales" means the Net Sales attributable to Tebi in the United States.

"Territory" means worldwide.

"Third Investment Amount" has the meaning set forth in Section 2.1(c).

"Third Party" means any Person other than (a) the Company, (b) each of the Investors or (c) an Affiliate of either the Company or any of the Investors (as applicable).

"Third Party Claim" means any claim, action, suit or proceeding by a Third Party, excluding any lender, officer, directors, employee or agent or other representative of a Party, including any investigation by any Governmental Authority.

"Trade Secrets" means any data or information that is not commonly known by or available to the public, and which (a) derives economic value, actual or potential, from not being generally known to and not being readily ascertainable by proper means by other Persons who can obtain economic value from its disclosure or use, (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy, and (c) which are owned by or licensed to the Company or any Subsidiary or with respect to which the Company or any Subsidiary is authorized or granted rights under or to.

"Trademark License" means any agreement, written or oral, providing for the grant of any right to use any Trademark.

"Trademark Office" means the applicable trademark office, including the United States Patent and Trademark Office and any comparable foreign trademark office, for any Trademarks.

"Trademarks" means all statutory and common-law trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and the goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications to register in connection therewith, under the Laws of the United States, any state thereof or any other country or any political subdivision thereof, or otherwise, for the full term and all renewals thereof, which are owned by or licensed to the Company or any Subsidiary or with respect to which the Company or any Subsidiary is authorized or granted rights under or to.

"Transaction Documents" means this Agreement, the Security Agreement, the Guaranty, the Deposit Agreement, the Instruction to Payor and any Joinder Agreement.

"Treasury Management Arrangement" means any agreement or other arrangement governing the provision of treasury or cash management services, including Deposit Accounts, netting services, overdraft, credit or debit card, funds transfer, automated clearinghouse, zero balance accounts, returned check concentration, controlled disbursement, lockbox, account reconciliation and reporting, direct debit, cash concentration, trade finance services and other cash management services.

"U.S." or "United States" means the United States of America, its 50 states, each territory and possession thereof and the District of Columbia.

"UCC" means the Uniform Commercial Code as in effect from time to time in New York; provided, that, if, with respect to any financing statement or by reason of any provisions of Applicable Law, the perfection or the effect of perfection or non-perfection of the back-up security interest or any portion thereof granted pursuant to the Security Agreement is governed by the Uniform Commercial Code as in effect in a jurisdiction of the United States other than New York, then "UCC" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions of this Agreement and any financing statement relating to such perfection or effect of perfection or non-perfection.

"Under Performance Payments" has the meaning set forth in Section 3.1(b).

"Unused Amounts" has the meaning set forth in Section 7.7(k).

"Valid Claim" shall mean: (a) any claim of an issued and unexpired Patent, that shall not have been withdrawn, lapsed, abandoned, revoked, canceled or disclaimed, or held invalid or unenforceable by a court, Governmental Authority, national or regional patent office or other appropriate body that has competent jurisdiction in a decision being final and unappealable or unappealed within the time allowed for appeal; and (b) a claim of a pending Patent application that is filed and being prosecuted in good faith and that has not been finally abandoned or finally rejected and which has been pending for no more than five (5) years from its filing date.

"Voting Stock" means, with respect to any Person, Equity Interests issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right so to vote has been suspended by the happening of such a contingency.

"Website Agreements" means all agreements between the Company and/or any Subsidiary and any other Person pursuant to which such Person provides any services relating to the hosting, design, operation, management or maintenance of any Website, including without limitation, all agreements with any Person providing website hosting, database management or maintenance or disaster recovery services to the Company and/or any Subsidiary and all agreements with any domain name registrar, as all such agreements may be amended, supplemented or otherwise modified from time to time.

"Websites" means all websites that the Company or any Subsidiary shall operate, manage or control through a Domain Name, whether on an exclusive basis or a nonexclusive basis, including, without limitation, all content, elements, data, information, materials, hypertext markup language (HTML), software and code, works of authorship, textual works, visual works, aural works, audiovisual works and functionality embodied in, published or available through each such website and all IP Rights in each of the foregoing.

"Work" means any work or subject matter that is subject to protection pursuant to Title 17 of the United States Code.

Section 1.2 Rules of Construction. Unless the context otherwise requires, in this Agreement:

(a) An accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP.

(b) Words of the masculine, feminine or neuter gender shall mean and include the correlative words of other genders.

(c) The definitions of terms shall apply equally to the singular and plural forms of the terms defined.

(d) The terms "include", "including" and similar terms shall be construed as if followed by the phrase "without limitation".

(e) Unless otherwise specified, references to an agreement or other document include references to such agreement or document as from time to time amended, restated, reformed, supplemented or otherwise modified in accordance with the terms thereof (subject to any restrictions on such amendments, restatements, reformations, supplements or modifications set forth herein or in any of the other Transaction Documents) and include any annexes, exhibits and schedules attached thereto.

(f) References to any Applicable Law shall include such Applicable Law as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(g) References to any Person shall be construed to include such Person's successors and permitted assigns (subject to any restrictions on assignment, transfer or delegation set forth herein or in any of the other Transaction Documents), and any reference to a Person in a particular capacity excludes such Person in other capacities.

(h) The word "will" shall be construed to have the same meaning and effect as the word "shall".

(i) The words "hereof", "herein", "hereunder" and similar terms when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision hereof, and Article, Section and Exhibit references herein are references to Articles and Sections of, and Exhibits to, this Agreement unless otherwise specified.

(j) In the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding".

(k) Where any payment is to be made, any funds are to be applied or any calculation is to be made under this Agreement on a day that is not a Business Day, unless this Agreement otherwise provides, such payment shall be made, such funds shall be applied and such calculation shall be made on the succeeding Business Day, and payments shall be adjusted accordingly.

(l) Unless otherwise specified, references to an agreement or other document include references to such agreement or document as from time to time amended, restated, reformed, supplemented or otherwise modified in accordance with the terms thereof (subject to any restrictions on such amendments, restatements, reformations, supplements or modifications set forth herein or in any of the other Transaction Documents) and include any annexes, exhibits and schedules attached thereto.

ARTICLE II
REVENUE INTEREST FINANCING

Section 2.1 Investment Amount. Subject to the terms and conditions set forth herein, the Investors shall pay (or cause to be paid) to the Company, or the Company's designee, the following:

(a) at least twelve (12) Business Days (but no more than fifteen (15) Business Days) after the Initial Closing Date (the "Initial Funding Date"), subject to the performance of the obligations set forth in Section 8.3(b), the sum of fifty million Dollars ($50,000,000) (the "Initial Investment Amount"), in immediately available funds by wire transfer to an account designated in writing by the Company to the Investor Representative prior to such funding (the "Initial Funding");

(b) on the Second Closing Date, subject to the satisfaction of the conditions set forth in Section 8.2(a) and the performance of the obligations set forth in Section 8.3(c), the sum of fifty million Dollars ($50,000,000) (the "Second Investment Amount"), in immediately available funds by wire transfer to an account designated in writing by the Company to the Investor Representative prior to the Second Closing Date. Following the Second Closing Date (should the Second Closing Date occur), the term "Investment Amount" shall thereafter be deemed amended to include the funds paid on the Second Closing Date (*i.e.*, an aggregate of one hundred million Dollars ($100,000,000)); and

(c) on the Third Closing Date, subject to the satisfaction of the conditions set forth in Section 8.2(b) and the performance of the obligations set forth in Section 8.3(d), the sum of twenty five million Dollars ($25,000,000) (the "Third Investment Amount"), in immediately available funds by wire transfer to an account designated in writing by the Company to the Investor Representative prior to the Third Closing Date. Following the Third Closing Date (should the Third Closing Date occur) the term "Investment Amount" shall be deemed amended to include the funds paid on the Third Closing Date (*i.e.*, an aggregate of one hundred twenty five million Dollars ($125,000,000)); and

(d) In connection with the funding of the Initial Investment Amount on the Initial Closing Date, the Investors shall have the right to, at its option, fund the amount due under Section 2.1(a), on a net basis less the reimbursement owed by the Company pursuant to Section 8.3(b)(ii).

Section 2.2 No Assumed Obligations. Notwithstanding any provision in this Agreement or any other writing to the contrary, the Investors are not assuming any liability or obligation of the Company or any of the Company's Affiliates of whatever nature, whether presently in existence or arising or asserted hereafter. All such liabilities and obligations shall be retained by and remain liabilities and obligations of the Company or the Company's Affiliates, as the case may be (the "Excluded Liabilities and Obligations").

Section 2.3 Excluded Assets. The Investors do not, pursuant to any of the Transaction Documents, purchase, acquire or accept any assets or contract rights of the Company, or any other assets of the Company, other than its rights with respect to the Revenue Interests and, to the extent provided in the Transaction Documents, the Collateral. The Company has sole authority and responsibility for the research, development and Commercialization of Included Products.

ARTICLE III
PAYMENTS ON ACCOUNT OF THE REVENUE INTEREST FINANCING

Section 3.1 Payments on Account of the Revenue Interest Financing.

(a) In consideration of the Investors paying the Investment Amount hereunder, the Company shall pay the Revenue Interests to the Investor Representative as follows: On each Quarterly Payment Date, the Company shall pay the Revenue Interests to the Investor Representative for such Quarterly Payment Date until the earlier of (i) the date on which the Investor Representative has received payments equal to the Hard Cap or (ii) the Legal Maturity Date. If (A) the Investor Representative has not received payments equal to the Hard Cap by the Legal Maturity Date (after giving effect to any payments made on the Legal Maturity Date) and (B) no Special Termination Event, Default or Event of Default has occurred or is continuing, the Company shall pay the Special Maturity Payment Amount on the Legal Maturity Date. The Company shall have the right, at any time and from time to time, to make voluntary prepayments to the Investor Representative, and such payments shall be credited against the Hard Cap and the Under Performance Payments set forth in Section 3.1(b). This Agreement shall be in full force and effect for the duration of the Payment Term.

(b) If the Investor Representative has not received the applicable Minimum Multiple of the Investment Amount set forth below by the corresponding Reference Date set forth below, the Company shall, within forty-five (45) calendar days of the applicable Reference Date, make a cash payment to the Investor Representative sufficient to gross the Investor Representative up to such minimum amount (each, an "Under Performance Payment").

A. Minimum Multiple	B. Reference Date
0.60x	September 30, 2025
1.00x	September 30, 2027

(c) Upon the occurrence of a Change of Control, the Company shall promptly pay to the Investor Representative the Final Payment Amount and all of the other Obligations owed by the Company Parties under this Agreement and other Transaction Documents (collectively the "Change of Control Payment"), whereupon this Agreement shall terminate on the date such payment is received by the Investor Representative.

(d) Notwithstanding any other provision of this Agreement or any other Transaction Document, if the Company has not received Marketing Authorization for Tebi for a cUTI indication on or prior to December 31, 2022, then the Company shall pay to the Investor Representative an amount equal to the amount that Investors would need to receive the Initial Investment Amount back and to achieve a *per annum* rate of return on the Initial Investment Amount equal to 13.5% no later than January 15, 2023 and this Agreement shall terminate on the date such payment is received by the Investor Representative.

(e) If a Special Termination Event has occurred and is continuing, the Investor Representative may, in its sole discretion, terminate this Agreement and notify the Company of its election to terminate this Agreement. In consideration for such termination, the Company shall pay the Special Termination Amount and any other unpaid Obligations to the Investor Representative within, in the case of clause (i) of the definition of Special Termination Event, thirty (30) days, and, in the case of clause (ii) of the definition of Special Termination Event, sixty (60) days, in each case, following receipt of such notice of the election to terminate this Agreement. The remedy set forth in this Section 3.1(e) shall be the Investor's and the Investor Representative's sole and exclusive remedy in the event of a Special Termination Event; provided, however, that to the extent the Special Termination Amount is not paid as aforesaid in full within such applicable period, for the avoidance of doubt, the failure to make such payment shall constitute an Event of Default.

(f) Once the Investor Representative has received (i) aggregate payments under Section 3.1(a) and Section 3.1(b) equal to the Hard Cap or (ii) the amounts due pursuant to Section 3.1(c), Section 3.1(d), or Section 3.1(e), in either case, along with all of the other Obligations owed by the Company Parties under this Agreement and the other Transaction Documents, (i) the Company shall have no further obligations to the Investors with respect to the Revenue Interests, and Investor Representative will not be entitled to any additional payments in respect of Revenue Interests and (ii) each of the Transaction Documents shall terminate. Immediately upon termination of this Agreement pursuant to Section 3.1(c), Section 3.1(d), Section 3.1(e) or this Section 3.1(f), (A) all Liens on the Collateral granted to the Investor Representative pursuant to this Agreement and the other Transaction Documents shall automatically be released, without the delivery of any instrument or performance of any act by any Person, (B) the Company shall be permitted, and is hereby authorized to terminate any financing statement which has been filed pursuant to the Transaction Documents, and (C) the Investor and the Investor Representative shall execute and deliver to, or at the direction of, the Company, at the Company's sole cost and expense, all other releases and other documents as the Company shall reasonably request to evidence any such release.

(g) All Revenue Interests and any other Obligations required to be paid but not paid to the Investor Representative on each Quarterly Payment Date shall bear interest at a rate of one percent (1.0%) per month from the due date until paid in full or, if less, the maximum interest rate permitted by Applicable Law. In addition, in the event that an Event of Default has occurred, and for so long as it is occurring, interest shall accrue on the Final Payment Amount that remains unpaid at a rate of one percent (1.0%) per month from the date on which Company receives notice from the Investor Representative of such Event of Default until the Final Payment Amount is paid in full or, if less, the maximum interest rate permitted by Applicable Law. Any such overdue payment shall, when made, be accompanied by, and credited first to, all interest so accrued.

(h) The Company shall deposit all amounts payable by the Company to the Investor Representative under this Agreement into the Investor Account, unless otherwise instructed by the Investor Representative.

(i) For all purposes of this Section 3.1, the amount of payments deemed received by the Investors shall (i) include any additional amounts payable to the Investor pursuant to Section 6.21(c)(3) ("Additional Amounts") and (ii) be computed net of any applicable tax withholding (including any tax withholding in respect of any Additional Amounts), other than any withholding in respect of Excluded Taxes.

Section 3.2 Lockbox Account; Collection Account; Collection Account Management.

(a) On or prior to the date that is sixty (60) days following the Initial Closing Date, the Company shall enter into a Deposit Agreement with the Depositary Bank with respect to the Lockbox Account. The Company shall deliver instructions to all Licensees and account debtors (the "Instruction to Payors") with respect to any proceeds arising from sales of Included Products by the Company or its Subsidiaries in the United States and any Other Royalty Payments relating to Included Products (which instruction shall be in form and substance reasonably satisfactory to the Investor Representative and identify each Investor as having a right to a receive a portion of such amounts, and a copy of which shall be delivered to the Investor Representative promptly following delivery to such Licensee or account debtor) to remit such proceeds and Other Royalty Payments to the Lockbox Account, to the extent the Instruction to Payors was not sent to such Licensees and account debtors on or prior to the Initial Closing Date. To the extent any such proceeds are paid directly to the Company, the Company shall remit to the Lockbox Account all such amounts within fifteen (15) Business Days of its Knowledge of such receipt of any such funds.

(b) On or prior to the date that is sixty (60) days following the Initial Closing Date, the Company shall establish with the Depositary Bank the Collection Account and enter into a Deposit Agreement with the Depositary Bank with respect to the Collection Account. The Company shall cause all of the funds on deposit in the Lockbox Account to be transferred to the Collection Account on a daily basis. With respect to any amounts that are deposited into the Collection Account on any day, so long as no Default or Event of Default has occurred and is continuing, (A) a minimum of twelve percent (12%) of such amounts shall remain in the Collection Account until the Quarterly Payment Date immediately following the date of such deposit and may not be transferred to the Company Account, except as otherwise permitted by this Section 3.2(b), and (B) any remaining amounts may be disbursed to the Company Account from time to time at the direction of the Company; provided that if the aggregate funds to be retained in the Collection Account pursuant to clause (A) exceeds $7,500,000 on any date, such amount in excess of $7,500,000 may be disbursed to the Company Account at the direction of the Company on or after such date. The Company shall provide the Depositary Bank notice no more frequently than daily of such amount to be disbursed to the Company Account pursuant to this Section 3.2(b). During the Payment Term, on each Quarterly Payment Date, the Company shall instruct the Depositary Bank to disburse to the Investor Account an amount equal to the lesser of (x) the funds on deposit in the Collection Account and (y) the Revenue Interests for such Quarterly Payment Date. If the amount to be disbursed to the Investor Account on any Quarterly Payment Date pursuant to the preceding sentence is less than the Revenue Interests to which the Investor is entitled for the relevant Calendar Quarter, the Company shall pay the amount of such shortfall to the Investor Representative on such Quarterly Payment Date. If the amount of funds on deposit in the Collection Account on any Quarterly Payment Date exceeds the Revenue Interests for such Quarterly Payment Date, such excess amount may be transferred to the Company Account at the direction of the Company.

(c) If a Default or Event of Default has occurred and is continuing, no funds in the Collection Account shall be transferred to the Company Account, and the Investor Representative shall have the right to exercise all of its rights and remedies under ARTICLE XI, the Security Agreement and the Deposit Agreement, including, without limitation, directing the Depositary Bank to transfer all of the funds in the Collection Account to the Investor Representative until all of the Obligations owed by the Company under this Agreement and other Transaction Documents have been paid in full.

(d) During the Payment Term, the Company shall have no right to terminate the Lockbox Account or the Collection Account without the Investor Representative's prior written consent; provided that, without the Investor Representative's consent to the change of location of such accounts (provided such location is in the United States), the Company shall have the right from time to time to establish a replacement Lockbox Account or Collection Account with a replacement Depositary Bank, provided, that such replacement Depositary Bank shall have entered into a Deposit Agreement with respect to such replacement accounts effective no later than the date of replacement. For purposes of this Agreement, any reference to the "Lockbox Account", "Collection Account", "Depositary Bank" or "Deposit Agreement" shall refer to such replacement Collection Account, Depositary Bank or Deposit Agreement, as the context requires.

Section 3.3 Mode of Payment/Currency Exchange. All payments made by a Party hereunder shall be made by deposit of U.S. Dollars by wire transfer in immediately available funds into the applicable account. With respect to sales outside the U.S., for the purpose of calculating Net Revenues for the purposes of determining the Revenue Interests payable under Section 3.1, Net Revenues shall be calculated, if pursuant to a License Agreement, in the currency set forth therein, or otherwise in the currency of sale, and then such amounts shall be converted into U.S. Dollars at the monthly rate of exchange utilized by the Company, in accordance with GAAP, fairly applied and as employed on a consistent basis throughout the Company's operations. Should the Company change its foreign currency translation methodology, the new methodology will be disclosed in writing to the Investor Representative prior to its implementation. For clarity, to the extent that the Company receives a payment from a Third Party in U.S. Dollars on which Revenue Interests are payable to Investor Representative under Section 3.1, the foregoing currency exchange rates shall not apply to such amount, and in particular the Company will have no obligation to re-calculate any currency conversion that was employed in connection with such Third Party payment.

Section 3.4 Included Product Payment Reports and Record Retention. On or prior to each Quarterly Payment Date, the Company shall deliver to the Investor Representative (i) a written report of the amount of gross sales of the Included Product in each country during the applicable Calendar Quarter, an itemized calculation of Net Sales and Other Royalty Payments on a country-by-country basis and a calculation of the amount of the Revenue Interests due under Section 3.1(a) in respect of the applicable Calendar Quarter, showing the Applicable Tiered Percentage applied thereto and a calculation of the Under Performance Payment (if any) pursuant to Section 3.1(b) and (ii) copies of the most recent quarterly statements for each Deposit Account, Securities Account and other bank account or securities account of the Company and each other Grantor and (iii) a Compliance Certificate relating to each of the items described in clauses (i) and (ii) of this sentence. For three (3) years after each sale of the Included Product made by the Company or any of its Affiliates, the Company shall keep (and shall ensure that its Affiliates shall keep) complete and accurate records of such sale in sufficient detail to confirm the accuracy of the applicable Revenue Interests paid pursuant to Section 3.1(a). The Company shall use commercially reasonable efforts to include, in each contract of the Company for the distribution, marketing or selling of Included Products entered into on or after the Initial Closing Date, obligations reasonably appropriate to ensure that the counterparty to such contract shall furnish to the Company all information necessary for the Company to comply with this Section 3.4 and calculate the Revenue Interests that are payable as set forth in this Agreement.

Section 3.5 Audits. (a) Upon the written request of the Investor Representative, and not more than once in each Calendar Year (so long as no Special Termination Event, Default or Event of Default has occurred and is continuing), the Company shall permit an independent certified public accounting firm of national prominence selected by the Investor Representative, and reasonably acceptable to the Company, to have access to and to review, during normal business hours and upon not less than thirty (30) days' prior written notice, the relevant documents and records of the Company and its Subsidiaries as may reasonably be necessary to verify the accuracy and timeliness of the reports and payments (including calculation and payment of any Revenue Interest) made by the Company under this Agreement. Such review may cover the records for sales or other dispositions of the Included Products, Net Revenues, Other Royalty Payments and the aggregate amount of deposits into the Lockbox Account and the Collection Account in any Calendar Year ending no earlier than the first day of the previous Calendar Year. The accounting firm shall be permitted to prepare and disclose to the Investor Representative a written report stating only whether Revenue Interests paid to the Investor Representative hereunder and the reports provided by the Company relating to such Revenue Interests required hereunder are correct or incorrect and the specific details concerning any discrepancies. Notwithstanding the foregoing, after the occurrence and during the continuance of a Special Termination Event, Default or Event of Default, the Investor Representative shall have the right, as often, at such times and with such prior notice, as the Investor Representative shall determine, in its reasonable discretion, to have an independent certified public accounting firm of national prominence selected by the Investor Representative review the relevant documents and records of the Company and its Subsidiaries.

(b) If such accounting firm reasonably concludes that any Revenue Interests were owed and were not paid when due during such period pursuant to the provisions of this Agreement, the Company shall pay any late or unpaid Revenue Interests within sixty (60) days after the date the Investor Representative delivers to the Company a notice including the accounting firm's written report and requesting such payment. If the amount of the underpayment (exclusive of interest accrued thereon pursuant to Section 3.1(a)) is greater than the lesser of (i) ten percent (10%) of the total amount actually owed for the period audited or (ii) one million dollars ($1,000,000), then the Company shall in addition (i) reimburse the Investor Representative for all reasonable costs and fees of the accounting firm related to such audit and (ii) pay interest accrued on such amount of the underpayment at a rate of one percent (1%) per month from the initial due date until paid in full or, if less, the maximum interest rate permitted by Applicable Law. In the event of overpayment, any amount of such overpayment shall be fully creditable against Revenue Interests payable for the immediately succeeding Calendar Quarter(s). If the overpayment is not fully applied prior to the final quarterly Revenue Interest payment due hereunder, the Investors shall promptly refund an amount equal to any such remaining overpayment. The Investor Representative shall (i) treat all information that it receives under this Section 3.5 or under any License Agreement of the Company in accordance with the provisions of Article IX and (ii) cause its accounting firm to enter into a reasonably acceptable confidentiality agreement with the Company obligating such firm to retain all such information in confidence pursuant to such confidentiality agreement, in each case except to the extent necessary for the Investor Representative to enforce its rights under this Agreement.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the disclosure schedules attached hereto (the "Disclosure Schedules"), the Company hereby represents and warrants to the Investor Representative as of the Effective Date and as of the date of each Closing as follows:

Section 4.1 Organization. The Company is a corporation duly organized, validly existing and in good standing under the Laws of Delaware and has all powers and authority, and all licenses, permits, franchises, authorizations, consents and approvals of all Governmental Authorities, required to own its property and conduct its business as now conducted. The Company is duly qualified to transact business and is in good standing in every jurisdiction in which such qualification or good standing is required by Applicable Law (except where the failure to be so qualified or in good standing could not reasonably be expected to result in a Material Adverse Effect).

Section 4.2 No Conflicts. (a) None of the execution and delivery by the Company of any of the Transaction Documents to which the Company is party, the performance by the Company of the obligations contemplated hereby or thereby or the consummation of the transactions contemplated hereby or thereby will: (i) contravene, conflict with, result in a breach, violation, cancellation or termination of, constitute a default (with or without notice or lapse of time, or both) under, require prepayment under, give any Person the right to exercise any remedy (including termination, cancellation or acceleration) or obtain any additional rights under, or accelerate the maturity or performance of or payment under, in any respect, (A) any Applicable Law or any judgment, order, writ, decree, permit or license of any Governmental Authority to which the Company or any of its Subsidiaries or any of their respective assets or properties may be subject or bound, (B) any term or provision of any contract, agreement, indenture, lease, license, deed, commitment, obligation or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries or any of their respective assets or properties is bound or committed or (C) any term or provision of any of the organizational documents of the Company or any of its Subsidiaries, except in the case of clause (A) or (B) where any such event could not reasonably be expected to result in a Material Adverse Effect; or (ii) except as provided in any of the Transaction Documents to which it is party, result in or require the creation or imposition of any Lien on the Collateral, other than Permitted Liens.

(b) The Company has not granted, nor does there exist, any Lien on the Transaction Documents or the Collateral, other than Permitted Liens.

Section 4.3 Authorization. The Company has all powers and authority to execute and deliver, and perform its obligations under, the Transaction Documents to which it is party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of each of the Transaction Documents to which the Company is party and the performance by the Company of its obligations hereunder and thereunder have been duly

authorized by the Company. Each of the Transaction Documents to which the Company is party has been duly executed and delivered by the Company. Each of the Transaction Documents to which the Company is party constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar Applicable Laws affecting creditors' rights generally, general equitable principles and principles of public policy.

Section 4.4 Ownership. The Company is the exclusive owner of all right, title (legal and equitable) and interest in, to and under the Collateral, free and clear of all Liens, other than Permitted Liens. The Revenue Interests sold, assigned, transferred, conveyed and granted to the Investors on the Closing Date and the other Collateral have not been pledged, sold, assigned, transferred, conveyed or granted by the Company to any other Person. The Company has full right to sell, assign, transfer, convey and grant the Revenue Interests to the Investors. Upon the sale, assignment, transfer, conveyance and granting by the Company of the Revenue Interests to the Investors, the Investors shall acquire good and marketable title to the Revenue Interests free and clear of all Liens, other than Permitted Liens, and shall be the exclusive owners of the Revenue Interests. The Company has not caused, and to the Knowledge of the Company no other Person has caused, the claims and rights of the Investors created by any Transaction Document in and to the Revenue Interests or the Collateral to be subordinated to any creditor or any other Person.

Section 4.5 Governmental and Third Party Authorizations. The execution and delivery by the Company of the Transaction Documents to which the Company is party, the performance by the Company of its obligations hereunder and thereunder and the consummation of any of the transactions contemplated hereunder and thereunder (including the sale, assignment, transfer, conveyance and granting of the Revenue Interests to the Investors) do not require any consent, approval, license, order, authorization or declaration from, notice to, action or registration by or filing with any Governmental Authority or any other Person, except for applicable filings under U.S. securities laws, the filing of UCC financing statements and those previously obtained or made or to be obtained or made on the Initial Closing Date.

Section 4.6 No Litigation. Except as set forth on Schedule 4.6, there is no action, suit, arbitration proceeding, claim, citation, summons, subpoena, investigation or other proceeding (whether civil, criminal, administrative, regulatory, investigative or informal, and including by or before a Governmental Authority) pending or, to the Knowledge of the Company, threatened by or against the Company or any of its Subsidiaries, at law or in equity, that (i) if adversely determined, could reasonably be expected to result in a Material Adverse Effect, or (ii) challenges or seeks to prevent or delay the consummation of any of the transactions contemplated by any of the Transaction Documents to which the Company is party.

Section 4.7 Solvency. The Company has determined that, and by virtue of its entering into the transactions contemplated by the Transaction Documents to which the Company is party and its authorization, execution and delivery of the Transaction Documents to which the Company is party, the Company's incurrence of any liability hereunder or thereunder or contemplated hereby or thereby is in its own best interests. Upon consummation of the transactions contemplated by the Transaction Documents and the application of the proceeds therefrom, (a) the fair saleable value of the Company's assets will be greater than the sum of its

debts, liabilities and other obligations, including known contingent liabilities, (b) the present fair saleable value of the Company's assets will be greater than the amount that would be required to pay its probable liabilities on its existing debts, liabilities and other obligations, including known contingent liabilities, as they become absolute and matured, (c) the Company will be able to realize upon its assets and pay its debts, liabilities and other obligations, including known contingent obligations, as they mature, (d) the Company will not have unreasonably small capital with which to engage in its business and will not be unable to pay its debts as they mature, (e) the Company has not incurred, will not incur and does not have any present plans or intentions to incur debts or other obligations or liabilities beyond its ability to pay such debts or other obligations or liabilities as they become absolute and matured, (f) the Company will not have become subject to any Bankruptcy Event and (g) the Company will not have been rendered insolvent within the meaning of any Applicable Law. No step has been taken or is intended by the Company or, to its Knowledge, any other Person to make the Company subject to a Bankruptcy Event.

Section 4.8 No Brokers' Fees. Except as set forth on Schedule 4.8, the Company has not taken any action that would entitle any person or entity to any commission or broker's fee in connection with the transactions contemplated by this Agreement.

Section 4.9 Compliance with Laws. Except as set forth on Schedule 4.9, none of the Company or any of its Subsidiaries (a) has violated or is in violation of, or, to the Knowledge of the Company, is under investigation with respect to or has been threatened to be charged with or been given notice of any violation of, any Applicable Law or any judgment, order, writ, decree, injunction, stipulation, consent order, permit or license granted, issued or entered by any Governmental Authority or (b) is subject to any judgment, order, writ, decree, injunction, stipulation, consent order, permit or license granted, issued or entered by any Governmental Authority, in each case, that could reasonably be expected to result in a Material Adverse Effect. Each of the Company and each Subsidiary of the Company is in compliance with the requirements of all Applicable Laws, a breach of any of which could reasonably be expected to result in a Material Adverse Effect.

Section 4.10 Intellectual Property Matters.

(a) Schedule 4.10 sets forth an accurate and complete list of the Company's Patent Rights, including a complete and accurate list of the Owned Tebi Patent Rights and the Owned Back-up Product Patent Rights. The Company does not have any licensed Tebi Patent Rights or Licensed Back-up Product Patent Rights. For each Patent Right set forth on Schedule 4.10(a), the Company has indicated: (i) the application number (if any); (ii) the patent or registration number (if any); (iii) the country or other jurisdiction where such Patent Right was issued, registered, or filed; (iv) the scheduled expiration date of any issued Patent Right, including a notation if such scheduled expiration date includes a term extension or supplementary protection certificate; and (v) the registered owner thereof.

(b) The Company is the sole and exclusive owner of all right, title and interest in each of the Owned Tebi Patent Rights. The Owned Tebi Patent Rights are not subject to any encumbrance, Lien or claim of ownership by any Third Party, and, to the Knowledge of the Company, there are no facts that would preclude the Company from having unencumbered title to the Owned Tebi Patent Rights. Neither the Company nor its Subsidiaries has received any notice of any claim by any Third Party challenging the ownership of the rights of the Company in and to the Owned Tebi Patent Rights.

(c) To the Knowledge of the Company, (i) no issued Owned Tebi Patent Right has lapsed, expired or otherwise been terminated, and (ii) no Owned Tebi Patent Right applications have lapsed, expired, been abandoned or otherwise been terminated, other than by operation of law.

(d) To the Knowledge of the Company, there are no unpaid maintenance fees, annuities or other like payments that are overdue with respect to the Owned Tebi Patent Rights.

(e) To the Knowledge of the Company, each of the Owned Tebi Patent Rights correctly identifies each and every inventor of the claims thereof as determined in accordance with the laws of the jurisdiction in which such Tebi Patent Right was issued or is pending. Each such inventor has executed an assignment assigning their entire right, title and interest in and to such Patent Rights and the inventions embodied, described and/or claimed therein, to the Company or to an entity that has in turn executed an assignment assigning their entire right, title and interest in and to such Patent Rights and the inventions embodied, described and/or claimed therein, to the Company, and each such assignment has been duly recorded at the United States Patent and Trademark Office. To the Knowledge of the Company, there is not any Person who is or claims to be an inventor of any of the Owned Tebi Patent Rights who is not a named inventor thereof. Neither the Company nor its Subsidiaries has received any notice from any Person who is or claims to be an inventor of any of the Owned Tebi Patent Rights who is not a named inventor thereof.

(f) To the Knowledge of the Company, each of the Tebi Patent Rights is valid, enforceable and subsisting. Neither the Company nor its Subsidiaries has received any opinion of counsel that any of the Patent Rights is invalid or unenforceable. Neither the Company nor its Subsidiaries has received any written notice of any claim by any Third Party challenging the validity or enforceability of any of the Patent Rights.

(g) To the Knowledge of the Company, each individual associated with the filing and prosecution of the Owned Tebi Patent Rights has complied in all material respects with all applicable duties of candor and good faith in dealing with any Patent Office, including any duty to disclose to any Patent Office all information known by such individual to be material to patentability of each such Owned Tebi Patent Right, in those jurisdictions where such duties exist.

(h) There is at least one valid claim in each of the Owned Tebi Patent Rights Covering Tebi that would be infringed by the Company's or any Subsidiary's Commercialization of Tebi but for the Company's and the Subsidiaries' rights in such Patent Rights.

(i) To the Knowledge of the Company, except for information disclosed to the applicable Patent Office during prosecution of the Owned Tebi Patent Rights, there are no Patents, published patent applications, articles, abstracts or other prior art deemed material to patentability of any of the inventions claimed in the Owned Tebi Patent Rights, or that would otherwise reasonably be expected to materially adversely affect the validity or enforceability of any of the claims of such Owned Tebi Patent Rights.

(j) There is no pending or, to the Knowledge of the Company, threatened opposition, interference, reexamination, injunction, claim, suit, action, citation, summons, subpoena, hearing, inquiry, investigation (by the International Trade Commission or otherwise), complaint, arbitration, mediation, demand, decree or other dispute, disagreement, proceeding, claim or *inter partes* review (in each case, other than standard patent prosecution before a Patent Office) (collectively, "Disputes") challenging the legality, validity, enforceability or ownership of any of the Patent Rights set forth on Schedule 4.10 or that would result in any Set-off against the payments due to the Investor Representative under this Agreement. To the Knowledge of the Company, there are no Disputes by or with any Third Party against the Company involving the Tebi Patent Rights or, except as set forth on Schedule 4.10, the Backup Product Patent Rights. The Patent Rights set forth on Schedule 4.10 are not subject to any outstanding injunction, judgment, order, decree, ruling, challenge, settlement or other disposition of a Dispute.

(k) To the Knowledge of the Company, and except as separately disclosed to Investor Representative, there is no pending or threatened, and no event has occurred or circumstance exists that (with or without notice or lapse of time, or both) would result in or serve as a basis for any, action, suit or proceeding, or any investigation or claim, and the Company has not received any written notice of the foregoing, that claims that the manufacture, use, marketing, sale, offer for sale, importation or distribution of the Included Products as currently contemplated infringes on any Patent or other intellectual property rights of any other Person or constitutes misappropriation of any other Person's trade secrets or other intellectual property rights.

(l) To the Knowledge of the Company, none of the conception, development and reduction to practice of the inventions claimed in the Owned Tebi Patent Rights has constituted or involved the misappropriation of trade secrets or other rights or property of any Third Party.

(m) No Company Party has filed any disclaimer, other than a terminal disclaimer, or made or permitted any other voluntary reduction in the scope of any Owned Tebi Patent Right.

(n) To the Knowledge of the Company, no Third Party's Patent has been, or is, or will be, infringed by the Company's Commercialization of Tebi. To the Knowledge of the Company, no Patent Rights other than the Tebi Patent Rights would limit or prohibit in any material respect the Company's Commercialization of Tebi. The Company has not received any notice of any claim by any Third Party asserting that the Company's Commercialization of Tebi or any Backup Product infringes such Third Party's Patents. To the Knowledge of the Company, no Patent other than the Back-up Product Patent Rights would limit or prohibit in any material respect the Company's Commercialization of a Back-up Product. The Company has not received any opinion of counsel regarding infringement or non-infringement of any Third Party Patent by the Company's Commercialization of Tebi or any Back-up Product.

(o) To the Knowledge of the Company, there are no pending, published patent applications owned by any Third Party, which the Company does not have the right to use, which, if issued with claims reasonably likely to issue, would limit or prohibit in any material respect the Company's Commercialization of Tebi.

(p) To the Knowledge of the Company, no Third Party is infringing any of the issued Patent Rights. Neither the Company nor its Subsidiaries has put any Third Party on notice of any infringement of the issued Patent Rights.

(q) There are no Copyrights, Trademarks, Trade Secrets or domain names material to the Commercialization of Tebi by the Company.

(r) To the Knowledge of the Company, the Tebi Patent Rights constitute all of the Patents necessary for the Commercialization of Tebi

(s) To the Knowledge of the Company, no circumstances exist which could reasonably be expected to result in the Company's failure to obtain five year NCE market exclusivity or QIDP market exclusivity with respect to Tebi.

Section 4.11 Margin Stock. The Company is not engaged in the business of extending credit for the purpose of buying or carrying margin stock, and no portion of the Investment Amount shall be used by the Company for a purpose that violates Regulation T, U or X promulgated by the Board of Governors of the Federal Reserve System from time to time.

Section 4.12 Material Contracts.

(a) Schedule 4.12(a) hereto contains a list of the Material Contracts as of the date hereof. As of the date hereof, the Company has provided a true and complete copy of each Material Contract to the Investor Representative.

(b) Except as separately disclosed in writing to Investor Representative, neither the Company nor, to the Knowledge of the Company, any Material Contract Counterparty is in material breach or material default of any Material Contract and no circumstances or grounds exist that would, upon the giving of notice, the passage of time or both, give rise (i) to a claim by the Company or any Material Contract Counterparty of a material breach or material default of any Material Contract, or (ii) to a right of rescission, termination, revision, or set-off by any Person, in, to or under any Material Contract. The Company has not received from, or delivered to, any Material Contract Counterparty, any written notice alleging a breach or default under any Material Contract, which breach or default has not been cured as of the Initial Closing Date.

(c) Each Material Contract is a valid and binding obligation of the Company and, to the Knowledge of the Company, of the applicable Material Contract Counterparty, enforceable against each of the Company and, to the Knowledge of the Company, each applicable Material Contract Counterparty in accordance with its terms, except as may be limited by general principles of equity (regardless of whether considered in a proceeding at law or in equity) and by applicable bankruptcy, insolvency, moratorium and other similar laws of general application relating to or affecting creditors' rights generally. The Company has not received any notice from any Material Contract Counterparty or any other Person challenging the validity or enforceability of any Material Contract. Neither the Company, nor to the Knowledge of the Company, any other Person, has delivered or intends to deliver any written notice to the Company or a Material Contract Counterparty challenging the validity or enforceability of any Material Contract.

(d) There are no settlements, covenants not to sue, consents, judgements, orders or similar obligations which: (i) restrict the rights of the Company or any of its Subsidiaries from using any Intellectual Property relating to the research, development, manufacture, production, use, commercialization, marketing, importing, storage, transport, offer for sale, distribution or sale of the Included Products (in order to accommodate any third party Intellectual Property or otherwise), or (ii) permit any Third Parties to use any Company Intellectual Property.

Section 4.13 Bankruptcy. Neither the Company nor, to the Knowledge of the Company, any Material Contract Counterparty is contemplating or planning to commence any case, proceeding or other action relating to such Material Contract Counterparty's bankruptcy, insolvency, liquidation or dissolution or reorganization.

Section 4.14 Office Locations; Names. (a) The chief place of business, the chief executive office and each office where each Grantor keeps its records regarding the Collateral are, as of the date hereof, each located at 675 Massachusetts Avenue, 14th Floor, Cambridge, Massachusetts, 02139.

(b) Except as set forth on Schedule 4.14(b), neither the Company nor any of its Subsidiaries (or any predecessor by merger or otherwise) has, within the five (5) year period preceding the date hereof, had a name that differs from its name as of the date hereof.

Section 4.15 Permitted Debt. There is no Indebtedness incurred by the Company or any of its Subsidiaries other than the Permitted Debt. Schedule 4.15 hereto lists all of the Permitted Debt Facility Documents as of the date hereof, and true, complete and correct copies of the Permitted Debt Facility Documents have been provided to the Investor Representative as of the date hereof. There is no default or event of default (in each case, with or without notice or lapse of time, or both) under the Permitted Debt Facility Documents.

Section 4.16 Financial Statements; No Material Adverse Effect. (a) The Audited Financial Statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, (ii) fairly present in all material respects the financial condition of the Company and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and (iii) show all material Indebtedness and other liabilities, direct or contingent, of the Company and its Subsidiaries as of the date thereof, including material liabilities for Taxes, commitments and Indebtedness to the extent required by GAAP. (b) The Interim Financial Statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, (ii) fairly present in all material respects the financial condition of the Company and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby, and (iii) show all material Indebtedness and other liabilities, direct or contingent, of the Company and its Subsidiaries as of the date thereof, including material liabilities for Taxes, material commitments and Indebtedness to the extent required by GAAP, subject, in the case of clauses (i), (ii) and (iii) of this sentence, to the absence of footnotes and to normal year-end audit adjustments.

(c) From the date of the Audited Financial Statements to and including the Initial Closing Date, there has been no Disposition by any Company Party or any Subsidiary, or any Involuntary Disposition, of any material part of the business or property of any Company Party or any Subsidiary, and no purchase or other acquisition by any of them of any business or property (including any Equity Interests of any other Person) material to any Company Party or any Subsidiary, in each case, which is not reflected in the Financial Statements or in the notes thereto and has not otherwise been disclosed in writing to the Investor Representative on or prior to the Initial Closing Date.

(d) Since the date of the Audited Financial Statements, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to result in a Material Adverse Effect.

Section 4.17 No Default; No Special Termination Event. (a) Neither any Company Party nor any Subsidiary is in default (with or without notice or lapse of time, or both) under or with respect to any Contractual Obligation that could reasonably be expected to result in a Material Adverse Effect.

(b) No Special Termination Event, Default or Event of Default has occurred and is continuing.

Section 4.18 Insurance. The properties of the Company and each of its Subsidiaries are insured with financially sound and reputable insurance companies which are not Affiliates of such Persons, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Company or the applicable Subsidiary operates.

Section 4.19 ERISA Compliance. (a) Except as could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, (i) each Plan is in compliance with the applicable provisions of ERISA, the Internal Revenue Code and other federal or state Laws, and (ii) each Pension Plan that is intended to be a qualified plan under Section 401(a) of the Internal Revenue Code has received a favorable determination letter from the Internal Revenue Service to the effect that the form of such Plan is qualified under Section 401(a) of the Internal Revenue Code, an application for such a letter is currently being processed by the Internal Revenue Service or is entitled to rely on the opinion or advisory letter issued by the Internal Revenue Service to the sponsor of a preapproved plan document and, to the Knowledge of the Company, nothing has occurred that would prevent, or cause the loss of, such tax-qualified status.

(b) There are no pending or, to the Knowledge of the Company, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could reasonably be expected to result in a Material Adverse Effect. The Company has not engaged in any prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan, in any case, that could reasonably be expected to result in a Material Adverse Effect.

(c) Except as could not reasonably be expected to result in a Material Adverse Effect, (i) no ERISA Event has occurred with respect to any Pension Plan, (ii) the Company and each ERISA Affiliate has met all applicable requirements under the Pension Funding Rules in respect of each Pension Plan, and no waiver of the minimum funding standards under the Pension Funding Rules has been applied for or obtained, and (iii) neither the Company nor any ERISA Affiliate has incurred any liability to the PBGC other than for the payment of premiums due but not delinquent under Section 4007 of ERISA.

Section 4.20 Subsidiaries. Set forth on Schedule 4.20 is a complete and accurate list as of the date hereof of each Subsidiary of the Company, together with (a) such Subsidiary's jurisdiction of organization and (b) the percentage of the Equity Interests in such Subsidiary owned by the Company.

Section 4.21 Perfection of Security Interests in the Collateral. The Collateral Documents create valid security interests in, and Liens on, the Collateral purported to be covered thereby to the extent such security interests may be created pursuant to Article 9 of the UCC, which security interests and Liens will be, upon the timely and proper filings, deliveries, notations and other actions contemplated in the Collateral Documents perfected security interests and Liens (to the extent that such security interests and Liens can be perfected by such filings, deliveries, notations and other actions), prior to all other Liens other than Permitted Liens.

Section 4.22 Sufficiency of Collateral. The Collateral comprises all material rights and assets relating to Tebi, now owned or hereafter acquired, that is owned or controlled by the Company.

Section 4.23 Disclosure. The Company has disclosed to the Investors all agreements, instruments and corporate or other restrictions to which it or any of its Subsidiaries is subject, and all other matters known to it, that, either individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. No report, financial statement, certificate or other information furnished (whether written or oral) by or on behalf of the Company or its Subsidiaries to the Investor Representative in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Transaction Document (in each case, as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, that, with respect to financial projections, estimates, budgets or other forward-looking information, the Company and its Subsidiaries represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time such information was prepared (it being understood that such information is as to future events and is not to be viewed as facts, is subject to significant uncertainties and contingencies, many of which are beyond the control of the Company and its Subsidiaries, that no assurance can be given that any particular projection, estimate, budget or forecast will be realized and that actual results during the period or periods covered by any such projections, estimate, budgets or forecasts may differ significantly from the projected results and such differences may be material).

Section 4.24 Sanctions Concerns; Anti-Corruption Laws; PATRIOT Act.

(a) Sanctions Concerns. No Company nor any Subsidiary, nor, to the Knowledge of the Company, any director, officer, employee, agent, Affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by, any individual or entity that is (i) currently the subject or target of any Sanctions, (ii) included on OFAC's List of Specially Designated Nationals, HMT's Consolidated List of Financial Sanctions Targets and the Investment Ban List, or any similar list enforced by any other relevant sanctions authority or (iii) located, organized or resident in a Designated Jurisdiction.

(b) Anti-Corruption Laws. Neither the Company nor, to the Knowledge of the Company, any of the Company's directors, officers, employees or agents have, directly or indirectly, made, offered, promised or authorized any payment or gift of any money or anything of value to or for the benefit of any "foreign official" (as such term is defined in the U.S. Foreign Corrupt Practices Act (the "FCPA")), foreign political party or official thereof or candidate for foreign political office for the purpose of (i) influencing any official act or decision of such official, party or candidate, (ii) inducing such official, party or candidate to use his, her or its influence to affect any act or decision of a foreign governmental authority or (iii) securing any improper advantage, in the case of (i), (ii) and (iii) above in order to assist the Company or any of its Affiliate in obtaining or retaining business for or with, or directing business to, any person. Neither the Company nor, to the Knowledge of the Company, any of its directors, officers, employees or agents have made or authorized any bribe, rebate, payoff, influence payment, kickback or other unlawful payment of funds or received or retained any funds in violation of any Law, rule or regulation. The Company further represents that it has maintained, and has caused each of its Subsidiaries and Affiliates to maintain, systems of internal controls (including accounting systems, purchasing systems and billing systems) to ensure compliance with all Anti-Corruption Laws. The Company and its Subsidiaries have conducted their business in compliance with all Anti-Corruption Laws, and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

(c) PATRIOT Act. To the extent applicable, the Company and each Subsidiary is in compliance, with (i) and (ii) the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), as amended from time to time.

Section 4.25 Data Security; Data Privacy. (a) The Company has not experienced any breach of security of unauthorized access by third parties of any Personal Information in its possession, custody, or control that could reasonably be expected to result in a Material Adverse Effect.

(b) In connection with its collection, storage, transfer (including, without limitation, any transfer across national borders) and/or use of any personally identifiable information from any individuals, including, without limitation, any customers, prospective customers employees and/or other Third Parties (collectively "Personal Information"), the Company is and has been, to the Knowledge of Company, in compliance in all material respects with all Applicable Laws in all relevant jurisdictions, including (if applicable) the General Data Protection Regulation, the Company's privacy policies and the requirements of any contracts or codes of conduct to which the Company is a party, except for any such event that, individually or

in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The Company has commercially reasonable physical, technical, organizational and administrative security measures and policies in place to protect all Personal Information collected by it or on its behalf from and against unauthorized access, use and/or disclosure. The Company is and has been, to the Knowledge of the Company, in compliance in all material respects with all Laws relating to data loss, theft and breach of security notification obligations, except for any such event that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 4.26 Compliance.

(a) (i) The Company and its Subsidiaries possess all Permits, including Regulatory Approvals from the FDA and other Governmental Authorities required for the conduct of their business as currently conducted, except where the failure to so possess could not reasonably be expected to result in a Material Adverse Effect, and all such Permits are in full force and effect, except where the failure to be in full force and effect could not reasonably be expected to result in a Material Adverse Effect;

(ii) Except as set forth on Schedule 4.26(a), the Company and its Subsidiaries have not received any written communication from any Governmental Authority regarding any failure to materially comply with any Laws, including any terms or requirements of any Regulatory Approval and, to the Knowledge of the Company, there are no facts or circumstances that are reasonably likely to give rise to any revocation, withdrawal, suspension, cancellation, material limitation, termination or adverse modification of any Regulatory Approval, in each case, except for any such event that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect;

(iii) None of the officers, directors, employees or, to the Knowledge of the Company, Affiliates of the Company or any Subsidiary or any agent or consultant involved in any Drug Application, has been convicted of any crime or engaged in any conduct for which debarment is authorized by 21 U.S.C. Section 335a nor, to the Knowledge of the Company, are any debarment proceedings or investigations pending or threatened against the Company or any Subsidiary or any of their respective officers, employees or agents;

(iv) None of the officers or directors, or, to the Knowledge of the Company, employees or Affiliates of the Company or any Subsidiary or any agent or consultant has (A) made an untrue statement of material fact or fraudulent statement to any Regulatory Agency or failed to disclose a material fact required to be disclosed to a Regulatory Agency; or (B) committed an act, made a statement, or failed to make a statement that would provide a basis for the FDA to invoke its policy respecting "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities," set forth in 56 Fed. Regulation 46191 (September 10, 1991);

(v) All applications, notifications, submissions, information, claims, reports and statistics and other data and conclusions derived therefrom, utilized as the basis for or submitted in connection with any and all requests for a Regulatory Approval from the FDA or other Governmental Authority relating to the Company or any Subsidiary, their business

operations and Included Products, when submitted to the FDA or other Governmental Authority were true, complete and correct in all material respects as of the date of submission or any necessary or required updates, changes, corrections or modifications to such applications, submissions, information and data have been submitted to the FDA or other Governmental Authority;

(vi) Except as set forth on Schedule 4.26(a), all preclinical and clinical trials conducted by or on behalf of the Company and its Subsidiaries that have been submitted to any Governmental Authority, including the FDA and its counterparts worldwide, in connection with any request for a Regulatory Approval, are being or have been conducted in compliance in all material respects with the required experimental protocols and Applicable Laws;

(vii) Since January 1, 2021, all Included Products have been manufactured, transported, stored and handled in all material respects in accordance with current good manufacturing practices applicable from time to time and Applicable Laws;

(viii) Neither the Company nor any Subsidiary has received any written notice that any Governmental Authority, including without limitation the FDA, the Office of the Inspector General of HHS or the United States Department of Justice has commenced or threatened to initiate any action against the Company or a Subsidiary, any action to enjoin the Company or a Subsidiary, its officers, directors, employees, agents and Affiliates, from conducting its business at any facility owned or used by it or for any material civil penalty, injunction, seizure or criminal action that could reasonably be expected to result in a Material Adverse Effect;

(ix) Neither the Company nor any Subsidiary has received from the FDA, at any time since January 1, 2021, a Warning Letter, Form FDA-483, "Untitled Letter," or similar written correspondence or notice alleging violations of Laws and regulations enforced by the FDA, or any comparable correspondence from any other Governmental Authority with regard to any Included Product or the manufacture, processing, packaging or holding thereof, the subject of which communication is unresolved and if determined adversely to the Company or such Subsidiary could reasonably be expected to result in a Material Adverse Effect; and

(x) Since January 1, 2021, (A) there have been no Safety Notices, (B) to the Knowledge of the Company, there are no unresolved material product complaints with respect to any Included Product, in each case, which could reasonably be expected to result in a Material Adverse Effect, and (C) to the Knowledge of the Company, there are no facts that would result in (1) a material Safety Notice with respect to any Included Product, or (2) a termination or suspension of marketing of any Included Product (if approved).

(b) All of the Included Products that exist as of the date hereof are listed on Schedule 4.26(b). Since January 1, 2021, the operation of the Business of the Company and its Subsidiaries with respect to Tebi, including the manufacture, import, labeling, and distribution of Tebi, has been in compliance with all Permits and Applicable Laws, except where a failure to so comply could not reasonably be expected to result in a Material Adverse Effect.

(c) Without limiting the generality of Section 4.26(a)(i) and (ii) above, with respect to any Products being tested or manufactured by the Company and its Subsidiaries, as of the date hereof, to the Knowledge of the Company, neither the Company nor any Subsidiary has received any written notice from any applicable Governmental Authority, including the FDA, that such Governmental Authority is conducting an investigation or review of (A) the Company and its Subsidiaries' (or any third party contractors therefor) manufacturing facilities and processes for manufacturing such Products or the marketing and sales of such Included Products, in each case which have identified any material deficiencies or violations of Laws or the Permits related to the manufacture, marketing and/or sales of such Included Products that could reasonably be expected to result in a Material Adverse Effect, or (B) any such Regulatory Approval that would result in a revocation or withdrawal of such Regulatory Approval, nor has any such Governmental Authority issued any order or recommendation stating that the development, testing, manufacturing, marketing or sales of such Included Products by the Company and its Subsidiaries should cease or that such Included Products should be withdrawn from the marketplace; and

(d) Between January 1, 2021 and the date hereof, neither the Company nor any Subsidiary of the Company has experienced any significant failures in the manufacturing of any Included Products for commercial sale that has had or could reasonably be expected to result in, if such failure occurred again, a Material Adverse Effect.

Section 4.27 Labor Matters. There are no existing or, to the Knowledge of the Company, threatened strikes, lockouts or other labor Disputes involving the Company or any Subsidiary that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. Except as could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, hours worked by and payments of compensation made by the Company and its Subsidiaries to their respective employees are not in violation of the Fair Labor Standards Act or any other Applicable Law, rule or regulation dealing with such matters.

Section 4.28 Taxes. The Company and each of its Subsidiaries has (A) filed all Tax returns and reports required by to have been filed by it (including in its capacity as a withholding agent), (B) paid all Taxes required to be paid by it (including in its capacity as a withholding agent), and (C) provided adequate accruals, charges and reserves in accordance with GAAP in their applicable financial statements in respect of all Taxes not yet due and payable, except, in each case, (i) any such Taxes that are being diligently contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP or (ii) any failure that could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE INVESTOR

Each Investor hereby represents and warrants separately (and not jointly) to the Company as of the Effective Date and the date of each Closing as follows:

Section 5.1 Organization. Such entity is a Delaware limited partnership duly organized, validly existing and in good standing under the Laws of its state of formation and has all powers and authority, and all licenses, permits, franchises, authorizations, consents and approvals of all Governmental Authorities, required to own its property and conduct its business as now conducted.

Section 5.2 No Conflicts. None of the execution and delivery by such entity of any of the Transaction Documents to which it is party, the performance by it of the obligations contemplated hereby or thereby or the consummation of the transactions contemplated hereby or thereby will contravene, conflict with, result in a breach, violation, cancellation or termination of, constitute a default (with or without notice or lapse of time, or both) under, require prepayment under, give any Person the right to exercise any remedy (including termination, cancellation or acceleration) or obtain any additional rights under, or accelerate the maturity or performance of or payment under, in any respect, (i) any Applicable Law or any judgment, order, writ, decree, permit or license of any Governmental Authority to which such entity or any of its assets or properties may be subject or bound, (ii) any term or provision of any contract, agreement, indenture, lease, license, deed, commitment, obligation or instrument to which such entity is a party or by which such entity or any of its assets or properties is bound or committed or (iii) any term or provision of any of the organizational documents of such entity, except in the case of clause (i) where any such event could not reasonably be expected to result in a material adverse effect on the ability of such entity to consummate the transactions contemplated by the Transaction Documents.

Section 5.3 Authorization. Such entity has all powers and authority to execute and deliver, and perform its obligations under, the Transaction Documents to which it is party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of each of the Transaction Documents to which such entity is party, and the performance by it of its obligations hereunder and thereunder, have been duly authorized by it. Each of the Transaction Documents to which such entity is party has been duly executed and delivered by it. Each of the Transaction Documents to which such entity is party constitutes the legal, valid and binding obligation of it, enforceable against it in accordance with its respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar Applicable Laws affecting creditors' rights generally, general equitable principles and principles of public policy.

Section 5.4 Governmental and Third Party Authorizations. The execution and delivery by such entity of the Transaction Documents to which it is party, the performance by it of its obligations hereunder and thereunder and the consummation of any of the transactions contemplated hereunder and thereunder do not require any consent, approval, license, order, authorization or declaration from, notice to, action or registration by or filing with any Governmental Authority or any other Person, except as described in Section 4.5.

Section 5.5 No Litigation. There is no action, suit, arbitration proceeding, claim, citation, summons, subpoena, investigation or other proceeding (whether civil, criminal, administrative, regulatory, investigative or informal and including by or before a Governmental Authority) pending or, to the knowledge of such entity, threatened by or against such entity, at law or in equity, that challenges or seeks to prevent or delay or which, if adversely determined, would prevent or delay the consummation of any of the transactions contemplated by any of the Transaction Documents to which it is party.

Section 5.6 No Brokers' Fees. Such entity has not taken any action that would entitle any person or entity to any commission or broker's fee in connection with the transactions contemplated by this Agreement.

Section 5.7 Funds Available. As of the date hereof, such entity has sufficient funds on hand to satisfy its obligations to pay the Investment Amount due and payable on the Initial Closing Date and has sufficient funds under commitment to it to satisfy its obligations to pay the Investment Amount due and payable on each Subsequent Closing Date. Such entity acknowledges and agrees that its obligations under this Agreement are not contingent on obtaining financing.

Section 5.8 Access to Information. Such entity acknowledges that it has (a) reviewed such documents and information relating to the Revenue Interests, the Collateral and the Products and (b) had the opportunity to ask such questions of, and to receive answers from, representatives of the Company, in each case, as it deemed necessary to make an informed decision to purchase, acquire and accept the Revenue Interests in accordance with the terms of this Agreement. Such entity has such knowledge, sophistication and experience in financial and business matters that it is capable of evaluating the risks and merits of purchasing, acquiring and accepting the Revenue Interests in accordance with the terms of this Agreement.

Section 5.9 Tax Status. Such entity is a United States person as such term is defined in Section 7701(a)(30) of the Internal Revenue Code.

ARTICLE VI
AFFIRMATIVE COVENANTS

The Parties hereto covenant and agree as follows:

Section 6.1 Collateral Matters; Guarantors. (a) On or prior to the Initial Closing Date, each of the Company and the Guarantors (if any) shall enter into the Security Agreement, pursuant to which the Company and the Guarantors (if any) shall grant to the Investor Representative, a continuing security interest of first priority in all of their respective right, title and interest in, to and under the Collateral, whether now or hereafter existing, and any and all "proceeds" thereof (as such term is defined in the UCC), in each case, for the benefit of the Investors as security for the prompt and complete payment and performance of the Obligations. Pursuant to the Security Agreement, the Company shall pledge (x) all of its Equity Interests in the Guarantors (if any), (y) to the extent that any Subsidiary organized as a Massachusetts Securities Corporation owns any portion of the assets listed in the definition of "Collateral", all of its Equity Interests in such Subsidiary organized as a Massachusetts Securities Corporation and (z) to the extent that any Excluded Subsidiary owns any portion of the assets listed in the definition of "Collateral," all of its equity interests in such Excluded Subsidiary (provided that no more than 100% of the non-voting Equity Interests of such Excluded Subsidiary (if any) and 65% (or such greater amount that would not reasonably be expected to result in any material adverse tax consequences to any Company Party) of the voting Equity Interests of such Excluded Subsidiary shall be required to be pledged) (such Subsidiaries referred to in clauses (y) and (z), the "Pledged Subsidiaries"), in each case, to the Investor Representative for the benefit of the Investor to secure the Obligations. In addition, each Guarantor shall enter into the Guaranty, pursuant to which each Guarantor shall guarantee the prompt performance of the Obligations. The Company shall cause any Subsidiary (other than any Excluded Subsidiary) that may acquire or own any portion of the Collateral after the Initial Closing Date to enter into a Joinder Agreement to become a party to the Guaranty as Guarantor and to the Security Agreement as Grantor.

(b) The Company authorizes and consents to the Investor Representative filing, including with the Secretary of State of the State of Delaware, one or more UCC financing statements (and continuation statements with respect to such financing statements when applicable) or other instruments and notices, in such manner and in such jurisdictions in each of the United States, the United Kingdom, France, Germany, Spain and Italy, in each case, as in the Investor Representative's determination may be necessary or appropriate to evidence the purchase, acquisition and acceptance by the Investors of the Revenue Interests hereunder and to perfect and maintain the perfection of each of the Investor's ownership in the Revenue Interests and the security interest in the Revenue Interests granted by each Grantor to the Investors pursuant to the Security Agreement; provided that the Investor Representative will provide the Company with a reasonable opportunity to review any such financing statements (or similar documents) prior to filing and the collateral identified in any such financing shall be limited to a legally sufficient description of the "Collateral" as defined herein and proceeds and products thereof. For greater certainty, the Investor Representative will not file this Agreement in connection with the filing of any such financing statements (or similar documents) but may file a summary or memorandum of this Agreement if required under Applicable Laws providing for such filing. For sake of clarification, the foregoing statements in this Section 6.1 shall not bind either Party regarding the reporting of the transactions contemplated hereby for GAAP or SEC reporting purposes.

Section 6.2 Update Meetings. During the Payment Term, but subject to ARTICLE IX, the Investor Representative shall be entitled to a quarterly update call or meeting (at the Investor Representative's election, in person, via teleconference or videoconference or at a location reasonably designated by the Company) to discuss (i) the reports delivered by the Company pursuant to Section 3.4, (ii) certain topics or documents listed on Schedule 6.2, (iii) the progress of sales and product development and marketing efforts made by the Company pursuant to the Product Plan, (iv) the status and the historical and potential performance of Tebi, (v) any material regulatory or Patent developments and/or (vi) such other matters that the Investor Representative deems appropriate. Any information disclosed by either Party during such update meetings or calls or provided to the Investor Representative pursuant to its request shall be considered "Confidential Information" of the disclosing Party subject to the terms of Article IX. Notwithstanding the foregoing, after the occurrence and during the continuance of a Special Termination Event, Default or an Event of Default, the Investor Representative shall have the right, as often, at such times and with such prior notice as the Investor Representative shall determine in its reasonable discretion, to have such update meetings at the Company's headquarters or inspect any records and operations of the Company and its Affiliates.

Section 6.3 Notices. (a) To the extent permitted by Applicable Law, promptly after receipt by the Company of notice of any action, suit, claim, demand, Dispute, investigation, arbitration or other legal proceeding (commenced or threatened) involving or related to Tebi or any Pledged Subsidiary which owns any assets (including IP Rights) related to Tebi (if any), the transactions contemplated by any Transaction Document, or to the Revenue Interests, the Company shall, subject to any confidentiality obligations to any Third Party, (i) inform the

Investor Representative in writing of the receipt of such notice and the substance thereof and (ii) if such notice is in writing, furnish the Investor Representative with a copy of such notice and any related materials with respect thereto reasonably requested by the Investor Representative, and if such notice is not in writing, furnish to the Investor Representative a written summary describing in reasonable detail the substance thereof.

(b) To the extent permitted by Applicable Law, promptly following receipt by the Company of any written notice, claim or demand challenging the legality, validity, enforceability or ownership of any of the IP Rights included in the Collateral or owned by any Pledged Subsidiary and relating to Tebi or pursuant to which any Third Party commences or threatens any action, suit or other proceeding against the Company and relating to Tebi or any Pledged Subsidiary which owns any assets (including IP Rights) related to Tebi, the Company shall, subject to any confidentiality obligation to any Third Party, (i) inform the Investor Representative in writing of such receipt and (ii) furnish the Investor Representative with a copy of such notice, claim or demand, or if such notice is not in writing, furnish to the Investor Representative a written summary describing in reasonable detail the contents thereof.

(c) The Company shall promptly (and in any event within ten (10) Business Days) provide Investor Representative with copies of any material information, reports and notices if the contents of such information, report or notice could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(d) The Company shall provide the Investor Representative with prompt written notice after the Company has Knowledge of any of the following: (i) the occurrence of a Bankruptcy Event in respect of the Company or any Material Contract Counterparty to any Tebi Material Contract (or to the extent it could reasonably be expected to result in a Material Adverse Effect, any Material Contract Counterparty to any other Material Contract); (ii) any material breach or default (in each case, with or without notice or lapse of time, or both) by the Company of or under any covenant, agreement or other provision of any Transaction Document; (iii) any representation or warranty made by the Company in any of the Transaction Documents or in any certificate delivered to the Investor pursuant to this Agreement shall prove to be untrue, inaccurate or incomplete in any material respect on the date as of which made; or (iv) any change, effect, event, occurrence, state of facts, development or condition with respect to the assets of the Company and its Subsidiaries, taken as a whole, that could reasonably be expected to result in a Material Adverse Effect.

(e) The Company shall promptly notify the Investor Representative of the occurrence of a Change of Control.

(f) The Company shall notify the Investor Representative in writing not less than five (5) Business Days prior to any change in, or amendment or alteration of, any Company Party’s (i) legal name, (ii) form of legal entity or (iii) jurisdiction of organization,

(g) The Company shall notify the Investor Representative of any ERISA Event promptly (and in any event, within ten (10) Business Days) following the Company becoming aware of such ERISA Event.

(h) The Company shall notify the Investor Representative of the occurrence of any material default or event of default (in each case, with or without notice or lapse of time, or both) related to any Permitted Debt Facility promptly following the Company becoming aware of such default or event of default (and in any event, within five (5) Business Days or within one (1) Business Day if any Indebtedness under such Permitted Debt Facility has been accelerated).

(i) The Company shall promptly (and in any event, within ten (10) days) notify the Investor Representative of (i) the termination of any Tebi Material Contract other than upon its scheduled termination date; (ii) the receipt by any Company Party or any of its Affiliates from a counterparty asserting a default by the Company or any of its Subsidiaries under any Material Contract where such alleged default, if accurate, would permit such counterparty to terminate such Material Contract; (iii) the entering into of any new Tebi Material Contract by a Company Party or any Affiliate; or (iv) any material amendment to a Tebi Material Contract in any manner adverse to the Investor.

(j) The Company shall promptly notify the Investor Representative of the occurrence of a Special Termination Event, Default or Event of Default.

(k) The Company shall promptly notify the Investor Representative of the occurrence of any event with respect to the assets of the Company or any Affiliates of the Company that could reasonably be expected to result in a Material Adverse Effect.

Each notice pursuant to clauses (a) through (k) of this Section 6.3 shall be accompanied by a statement of a Responsible Officer of the Company setting forth details of the occurrence referred to therein and stating what action the applicable Company Party has taken and proposes to take with respect thereto. Such statement shall set forth the actions the applicable Company Party has taken and proposes to take with respect thereto. Each notice pursuant to Section 6.3(h), Section 6.3(i) or Section 6.3(j) shall describe with particularity any and all provisions of this Agreement and any other Transaction Document that have been breached.

Section 6.4 Public Announcement. (a) As soon as reasonably practicable following the date hereof, one or both of the Parties shall issue a mutually agreed to press release substantially in the applicable form attached hereto as Exhibit A. Except as required by Applicable Law (including disclosure requirements of the SEC, the Nasdaq Stock Market or any other stock exchange on which securities issued by a Party or its Affiliates are traded) or for statements that are materially consistent with all or any portion of a previously approved public disclosure, neither Party shall make any other public announcement concerning this Agreement or the subject matter hereof without the prior written consent of the other Party, which shall not be unreasonably withheld, conditioned or delayed. In the event of a required public announcement, to the extent practicable under the circumstances, the Party making such announcement shall provide the other Party (which in the case of the Investors, shall be the Investor Representative) with a copy of the proposed text of such announcement sufficiently in advance of the scheduled release to afford such other Party a reasonable opportunity to review and comment upon the proposed text.

(b) The Parties shall coordinate in advance with each other in connection with the filing of this Agreement (including proposed redaction of certain provisions of this Agreement) with the SEC, the Nasdaq Stock Market or any other stock exchange or Governmental Authority on which securities issued by a Party or its Affiliate are traded, and each Party shall use reasonable efforts to seek confidential treatment for the terms of this Agreement proposed to be redacted, if any; provided that each Party shall ultimately retain control over what information to disclose to the SEC, the Nasdaq Global Select Market or any other stock exchange or Governmental Authority, as the case may be, and provided further that the Parties shall use their reasonable efforts to file redacted versions with any Governmental Authorities which are consistent with redacted versions previously filed with any other Governmental Authorities. Other than such obligation, neither Party (nor its Affiliates) shall be obligated to consult with or obtain approval from the other Party with respect to any filings with the SEC, the Nasdaq Stock Market or any other stock exchange or Governmental Authority. For clarity, once a public announcement or other disclosure is made by a Party in accordance with this Section 6.4, then no further consent or compliance with this Section 6.4 shall be required for any substantially similar disclosure thereafter.

Section 6.5 Further Assurances. (a) The Company shall promptly, upon the reasonable request of the Investor Representative, at the Company's sole cost and expense, (a) execute, acknowledge and deliver, or cause the execution, acknowledgment and delivery of, and thereafter register, file or record, or cause to be registered, filed or recorded, in an appropriate governmental office, any document or instrument supplemental to or confirmatory of the Transaction Documents or otherwise deemed by the Investor Representative reasonably necessary for the continued validity, perfection and priority of the Liens on the Collateral covered thereby subject to no other Liens except as permitted by the applicable Transaction Document, or obtain any consents or waivers as may be necessary in connection therewith; (b) deliver or cause to be delivered to the Investor Representative from time to time such other documentation, consents, authorizations, approvals and orders in form and substance reasonably satisfactory to the Investor Representative as the Investor Representative shall reasonably deem necessary to perfect or maintain the Liens on the Collateral pursuant to the Transaction Documents; and (c) upon the exercise by the Investors of any power, right, privilege or remedy pursuant to any Transaction Document which requires any consent, approval, registration, qualification or authorization of any Governmental Authority, execute and deliver all applications, certifications, instruments and other documents and papers that the Investor Representative may require. In addition, the Company shall promptly, at its sole cost and expense, execute and deliver to the Investor Representative such further instruments and documents, and take such further action as the Investor Representative may, at any time and from time to time, reasonably request in order to carry out the intent and purpose of this Agreement and the other Transaction Documents and to establish and protect the rights, interests and remedies created, or intended to be created, in favor of the Investors hereby and thereby.

(b) The Company and each of the Investors shall cooperate and provide assistance as reasonably requested by each of the Parties hereto, at the expense of the requesting Party (except as otherwise set forth herein), in connection with any litigation, arbitration, investigation or other proceeding (whether threatened, existing, initiated or contemplated prior to, on or after the date hereof) to which the requesting party, any of its Affiliates or controlling persons or any of their respective officers, directors, equityholders, controlling persons, managers, agents or employees is or may become a party or is or may become otherwise directly or indirectly affected or as to which any such Persons have a direct or indirect interest, in each case relating to any Transaction Document, the transactions contemplated herein or therein or the Revenue Interests, but in all cases excluding any litigation brought by the Company (for itself or on behalf of any Company Indemnified Party) against the Investors or brought by the Investor or Investor Representative (for itself or on behalf of any Investor Indemnified Party) against the Company.

(c) Each Party shall comply with all Applicable Laws with respect to the Transaction Documents and the Revenue Interests except where any non-compliance could not reasonably be expected to result in a Material Adverse Effect.

Section 6.6 IP Rights. The Company and its Pledged Subsidiaries shall use Commercially Reasonable and Diligent Efforts in each of the United States, the United Kingdom, Germany, France, Italy and Spain to: (a) take any and all actions, and prepare, execute, deliver and file any and all agreements, documents and instruments, that are reasonably necessary or desirable to preserve diligently and maintain the IP Rights related to Tebi in such countries, including payment of maintenance fees or annuities, at the sole expense of the Company, (b) diligently defend (and enforce) the IP Rights related to Tebi in such countries against infringement or interference by any other Person, and against any claims of invalidity or unenforceability (including by bringing any legal action for infringement or defending any counterclaim of invalidity or action of a Third Party for declaratory judgment of non-infringement or non-interference), (c) diligently defend against any claim or action in such countries by any other Person that the manufacture, use, marketing, sale, offer for sale, importation or distribution of Tebi as currently contemplated infringes on any patent or other intellectual property rights of any other Person or constitutes misappropriation of any other Person's trade secrets or other intellectual property rights within the United States, and (d) when available in respect of Tebi and where applicable, obtain a patent listing in the Orange Book or apply for similar data exclusivity where available in other countries in which sales of Tebi occur. The Company shall not exercise and enforce its applicable rights in any manner that would result in a breach of this Agreement.

Section 6.7 Existence. The Company shall (a) preserve and maintain its existence, (b) preserve and maintain its rights, franchises and privileges unless failure to do any of the foregoing could not reasonably be expected to result in a Material Adverse Effect, (c) qualify and remain qualified in good standing in each jurisdiction where the failure to preserve and maintain such qualifications could reasonably be expected to result in a Material Adverse Effect, including appointing and employing such agents or attorneys in each jurisdiction where it shall be necessary to take action under this Agreement, and (d) comply in all material respects with its organizational documents.

Section 6.8 Commercialization of Tebi. (a) The Company and its Pledged Subsidiaries (if any) shall use Commercially Reasonable and Diligent Efforts to prepare, execute, deliver and file any and all agreements, documents or instruments that are necessary or desirable to secure and maintain Marketing Authorization in the United States for Tebi. The Company shall not withdraw or abandon, or fail to take any action necessary to prevent the withdrawal or abandonment of, Marketing Authorization in the United States for Tebi. The Company shall use Commercially Reasonable and Diligent Efforts, itself or through one or more Subsidiaries or Permitted Licensees, to Commercialize Tebi in the United States in accordance with the Product Plan.

(b) The Company shall not enter into any Tebi Material Contract unless the Company (i) shall have used Commercially Reasonable and Diligent Efforts in selecting the applicable Material Contract Counterparty to such Tebi Material Contract and negotiating and agreeing to the terms of such Tebi Material Contract (or any amendment, modification, restatement, cancellation, supplement, termination or waiver of any of the material terms thereof) or (ii) shall have obtained the prior written consent of the Investor. In addition, if any existing Tebi Material Contract terminates for any reason whatsoever and such Contract was, as of the time of termination, still a Material Contract, the Company shall use Commercially Reasonable and Diligent Efforts to enter into a replacement Tebi Material Contract.

(c) The Company shall, and shall cause its Subsidiaries to, use Commercially Reasonable and Diligent Efforts to comply with all material terms and conditions of and fulfill all material obligations under each Tebi Material Contract (including, without limitation, each License Agreement) to which any of them is party. Upon the occurrence of a breach of any such Tebi Material Contract by any other party thereto, which could reasonably be expected to result in a Material Adverse Effect, the Company shall use Commercially Reasonable and Diligent Efforts to seek to enforce all of its (or its Subsidiary's) rights and remedies thereunder. In the case of Tebi Material Contracts consisting of licenses or other arrangements under which the counterparty is to make payments to the Company in respect of such Commercialization, such counterparties shall be instructed to make all payments to the Lockbox Account for receipt and disbursement in accordance with the terms hereof.

Section 6.9 Financial Statements. (a) To the extent not already filed publicly with the SEC, the Company shall deliver to the Investor Representative, in form and detail reasonably satisfactory to the Investor Representative as soon as available, and in any event within ninety (90) days after the end of each fiscal year of the Company, a consolidated balance sheet of the Company and its Subsidiaries as at the end of such fiscal year, and the related consolidated statements of income or operations, changes in shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of an independent certified public accountant of nationally recognized standing, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any qualification or exception as to the scope of such audit (except for a qualification or an exception to the extent related to the maturity or refinancing of borrowings under Permitted Debt or this Agreement); provided, that to the extent the components of such financial statements relating to a prior fiscal period are separately audited by different independent public accounting firms, the audit report of any such accounting firm may contain a qualification or exception as to scope of such financial statements as they relate to such components; and

(b) To the extent not already filed publicly with the SEC, the Company shall deliver to the Investor Representative, as soon as available, and in any event within forty-five (45) days after the end of each of the first three (3) fiscal quarters of each fiscal year of the Company (or, if earlier, when required to be filed with the SEC), a consolidated balance sheet of the Company and its Subsidiaries as at the end of such fiscal quarter, and the related consolidated statements of income or operations, changes in shareholders' equity and cash flows for such fiscal quarter and for the portion of the Company's fiscal year then ended, setting forth, in each case in comparative form, the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail.

Section 6.10 Payment of Obligations. Each Company Party shall pay and discharge all of their respective obligations and liabilities (a) prior to the date on which penalties attach thereto, all federal and state and other Taxes imposed upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Company Party, (b) as the same shall become due and payable, all lawful claims which, if unpaid, would by Law become a Lien upon any Collateral, and (c) prior to the date on which such Indebtedness shall become delinquent or in default, all material Indebtedness, but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness.

Section 6.11 Maintenance of Properties. Each of the Company and its Subsidiaries shall maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order and condition (ordinary wear and tear and casualty and condemnation events excepted) except where the failure to do so could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, and shall make all necessary repairs thereto and renewals and replacements thereof, except where the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

Section 6.12 Maintenance of Insurance. (a) Except as could not reasonably be expected to result in a Material Adverse Effect, each of the Company and its Subsidiaries shall maintain with financially sound and reputable insurance companies that are not Affiliates of the Company, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons.

(b) Within thirty (30) days of the Initial Closing Date, (i) the Company shall provide the Investor Representative a schedule of the insurance coverage of the Company and its Subsidiaries as is then in effect, outlined as to carrier, policy number, expiration date, type, amount and deductibles, and (ii) each of the Company and its Subsidiaries shall cause the Investor and its successors and/or assigns to be named as lender’s loss payee or mortgagee as its interest may appear, and/or additional insured with respect to any such insurance providing liability coverage or coverage in respect of any tangible Collateral or assets of the Pledged Subsidiaries relating to Tebi (if any).

Section 6.13 Books and Records. Each of the Company and its Subsidiaries shall maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of such Company Party or such Subsidiary, as the case may be. Each of the Company and its Subsidiaries shall maintain such books of record and account in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over such Company Party or such Subsidiary, as the case may be.

Section 6.14 Use of Proceeds. The Company and its Subsidiaries, taken as a whole, shall use substantially all of the Investment Amount to support the development and Commercialization of Tebi, including the commercial launch of Tebi in accordance with the Product Plan. In no event, however, shall the Investment Amount be used to fund any activities of or business with any Person, or in any Designated Jurisdiction, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as Investor or otherwise) of Sanctions or otherwise in contravention of any Law or of any Transaction Document.

Section 6.15 ERISA Compliance. Each of the Company and its Subsidiaries shall do each of the following: (a) maintain each Plan in compliance with the applicable provisions of ERISA, the Internal Revenue Code and other federal or state Law, (b) cause each Pension Plan that is qualified under Section 401(a) of the Internal Revenue Code to maintain such qualification, and (c) make all contributions required to be made by the Company and its Subsidiaries to any Pension Plan subject to Section 412 or Section 430 of the Internal Revenue Code, in each case, except as could not reasonably be expected to result in a Material Adverse Effect.

Section 6.16 Compliance with Material Contracts. Each of the Company and its Subsidiaries shall comply in all respects with each Contractual Obligation of such Person, except as could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

Section 6.17 Compliance with Laws. The Company shall maintain, and shall cause its Subsidiaries to maintain, compliance in all material respects with all applicable laws, rules or regulations (including any law, rule or regulation with respect to the making or brokering of loans or financial accommodations), and shall, or cause its Subsidiaries to, obtain and maintain all required governmental authorizations, approvals, licenses, franchises, permits or registrations reasonably necessary in connection with the conduct of the Company's and its Subsidiaries' respective businesses.

Section 6.18 Anti-Corruption Laws; Anti-Terrorism Laws. (a) Neither the Company, any of its Subsidiaries, nor any of their respective directors, officers, employees or agents shall, directly or indirectly, engage in any activity which would constitute a violation of the FCPA make, offer, promise or authorize any payment or gift of any money or anything of value to or for the benefit of any "foreign official" (as such term is defined in the FCPA), foreign political party or official thereof or candidate for foreign political office for the purpose of (i) influencing any official act or decision of such official, party or candidate, (ii) inducing such official, party or candidate to use his, her or its influence to affect any act or decision of a foreign governmental authority or (iii) securing any improper advantage, in the case of (i), (ii) and (iii) above in order to assist the Company or any of its Affiliate in obtaining or retaining business for or with, or directing business to, any person.

(b) Neither the Company nor any of its Subsidiaries shall, nor shall the Company or any of its Subsidiaries permit any Affiliate controlled by the Company to, directly or indirectly, knowingly enter into any documents, instruments, agreements or contracts with any Sanctioned Person. Neither the Company nor any of its Subsidiaries shall, nor shall the Company or any of its Subsidiaries, permit any Affiliate controlled by the Company to, directly or indirectly, (i) conduct any business or engage in any transaction or dealing with any Sanctioned Person, including, without limitation, the making or receiving of any contribution of funds, goods or services to or for the benefit of any Sanctioned Person, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224 or any similar executive order or other Anti-Terrorism Law, or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or other Anti-Terrorism Law.

Section 6.19 Data Privacy. In connection with its collection, storage, transfer (including, without limitation, any transfer across national borders) and/or use of any Personal Information, the Company shall, and shall cause its Subsidiaries to, maintain compliance in all material respects with all Applicable Laws in all relevant jurisdictions, including the General Data Protection Regulation, the Company's and its Subsidiaries' privacy policies and the requirements of any contracts or codes of conduct to which the Company's or any of its Subsidiaries is a party, except for any such events that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The Company shall maintain commercially reasonable physical, technical, organizational and administrative security measures and policies in place to protect all Personal Information collected by it or on its behalf from and against unauthorized access, use and/or disclosure. The Company shall, and shall cause its Subsidiaries to, maintain compliance in all material respects with all Applicable Laws relating to data loss, theft and breach of security notification obligations, except for any such event that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 6.20 Included Products. In connection with the development, testing, manufacture, marketing or sale of each and any Included Product by the Company or any Subsidiary, the Company or such Subsidiary shall comply in all material respects with all Permits.

Section 6.21 Tax. (a) The Parties (i) agree that for U.S. federal and applicable state and local income Tax purposes, the transactions contemplated by this Agreement are intended to constitute a debt instrument that is subject to U.S. Treasury Regulations under Section 1.1275-4(b) governing contingent payment debt instruments. Within 90 days after the date of this Agreement, the Company will prepare and deliver to the Investor a determination of the comparable yield and a projected payment schedule under Section 1.1275-4(b) (the "Comparable Yield"). Unless the Investor objects to the Comparable Yield within fifteen (15) days after receipt thereof, the Comparable Yield shall become final and binding on the Parties. If the Investor objects to the Comparable Yield within fifteen (15) days of receipt, then the Parties shall cooperate in good faith to agree on a revised Comparable Yield within twenty (20) days of the Investor's objection. The Parties intend that the provisions of Treasury Regulation 1.1275-2(a)(1) would apply, subject to the exceptions in Treasury Regulation 1.1275-2(a)(2), to treat any non-contingent payments on the debt instrument and the projected amount of any contingent payments as first, a payment of any accrued and any unpaid original issue discount at such time and second, a payment of principal (including for purposes of the rules applicable to "applicable high yield discount obligations"). The Parties agree not to take and to not cause or permit their Affiliates to take, any position that is inconsistent with the provisions of this Section 6.21(a) on any Tax return or for any other Tax purpose, unless required by Law or the good faith resolution of a Tax audit or other Tax proceeding.

(b) On or prior to the Initial Closing Date, each entity constituting collectively the Investors shall provide the Company with a duly completed and executed IRS Form W-9 certifying that such entity is a United States person, as such term is defined in Section 7701(a)(30) of the Internal Revenue Code, that is exempt from U.S. federal backup withholding with respect to all payments pursuant to this Agreement.

(c) Payments by or on account of any obligation of the Company under this Agreement shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If the Company is required by Law to withhold any Tax in respect of any amounts payable to an Investor pursuant to this agreement, (1) the Company shall make such withholding and timely pay such amount to the applicable Governmental Authority, (2) the Company shall provide such Investor with a receipt evidencing such payment or other evidence of such payment reasonably satisfactory to such Investor and (3) if the Tax withheld was an Indemnified Tax, the sum payable by the Company shall be increased so that after making all required deductions for Indemnified Taxes (including deductions applicable to additional sums payable under this clause (c)), such Investor receives an amount equal to the sum it would have received had no such deductions been made. The Company will promptly notify an Investor if it becomes required to withhold any Tax in respect of any payment to such Investor pursuant to this Agreement.

(d) If the Investor determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has received additional amounts pursuant to this Section 6.21 (including by the payment of additional amounts pursuant to this Section 6.21), it shall pay to the Company an amount equal to such refund (but only to the extent of additional amounts paid under this Section 6.21 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of the Investor and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). The Company, upon the request of the Investor, shall repay to the Investor the amount paid over pursuant to this Section 6.21(d) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that the Investor is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 6.21(d), in no event will the Investor be required to pay any amount to the Company pursuant to this Section 6.21(d) the payment of which would place the Investor in a less favorable net after-Tax position than the Investor would have been in if the Tax for which the Company paid additional amounts and giving rise to such refund had not been deducted, withheld or otherwise imposed and the additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require the Investor to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the Company or any other Person.

(e) Each Party's obligations under this Section 6.21 shall survive the termination of this Agreement and the repayment, satisfaction or discharge of all obligations under this Agreement.

ARTICLE VII
NEGATIVE COVENANTS

During the Payment Term, no Company Party shall, nor shall it permit any Subsidiary to, directly or indirectly:

Section 7.1 Liens. Create, incur, assume or suffer to exist any Lien upon any Collateral or any assets of the Pledged Subsidiaries relating to Tebi (if any), whether now owned or hereafter acquired, other than the Permitted Liens.

Section 7.2 Indebtedness. Create, incur, assume or suffer to exist any Indebtedness without the prior written consent of the Investor Representative, except Permitted Debt and Permitted Convertible Notes.

Section 7.3 Dispositions. Make any Disposition (other than, for the avoidance of doubt, Permitted Transfers) unless (a) the consideration paid in connection therewith shall be in an amount not less than the fair market value of the property disposed of, (b) no Special Termination Event, Default or Event of Default shall have occurred and be continuing both immediately prior to and after giving effect to such Disposition, (c) such transaction does not involve the sale or other disposition of a minority Equity Interest in any Subsidiary (other than to another Grantor), (d) such transaction does not involve a sale, transfer, license or other disposition of Tebi assets or rights included in the Collateral or owned by any Pledged Subsidiary relating to Tebi (or any IP Rights associated therewith) in the United States or any state or political subdivision thereof and (e) Prior to the Minimum Return Date, the aggregate net book value of all of the assets sold or otherwise disposed of (including, for the avoidance of doubt, the assets sold or otherwise disposed of in such Disposition) does not exceed $1,000,000 in any fiscal year.

Section 7.4 Change in Nature of Business. Engage in any material line of business other than the discovery, development, manufacture or commercialization of biopharmaceutical products.

Section 7.5 Prepayment of Other Indebtedness. Prior to the Minimum Return Date, make (or give any notice with respect thereto) any voluntary or optional payment or prepayment or redemption, cash settlement or acquisition for value of (including without limitation, by way of depositing money or securities with the trustee with respect thereto before due for the purpose of paying when due), refund, refinance or exchange of any Indebtedness of the Company or any Subsidiary (other than exchanging any such Indebtedness for capital stock (other than Disqualified Capital Stock) or the proceeds from the sale of capital stock (other than Disqualified Capital Stock)) or, with respect to the Indebtedness arising under the Transaction Documents, Permitted Debt and, in the case of the Permitted Convertible Notes, other than from (x) using the proceeds from the sale of Permitted Convertible Notes, (y) exchanging any such Indebtedness for Permitted Convertible Notes.

Section 7.6 Organization Documents; Fiscal Year; Legal Name, State of Formation and Form of Entity; Certain Amendments. (a) Amend, modify or change its Organization Documents in a manner materially adverse to the rights or remedies of the Investors under the Transaction Documents.

(b) Without providing ten (10) days prior notice to the Investor Representative, change its fiscal year.

(c) Without providing ten (10) days prior notice to the Investor Representative, change its name, state of organization or form of organization or its Federal Taxpayer Indemnification Number or its organizational identification number.

(d) Amend, modify or change any of the terms or provisions of any Permitted Debt Facility Document in a manner inconsistent with the terms of the Transaction Documents.

(e) Amend, modify or change the Product Plan without the prior written consent of the Investor Representative.

Section 7.7 Restricted Payments. Declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except that:

(a) each Subsidiary may make Restricted Payments to any other Company Party;

(b) each Company Party may make Restricted Payments to any other Company Party;

(c) each Subsidiary may make Restricted Payments to the holders of its Equity Interests on a *pro rata* basis;

(d) each Subsidiary that is not a Company Party may make Restricted Payments to any other Subsidiary;

(e) the Company and each Subsidiary may declare and make dividend payments or other distributions payable solely in the Qualified Capital Stock of the Company or Subsidiary, as applicable;

(f) the Company may make scheduled payments to the Permitted Debt Creditors so long as (i) no default or event of default (in each case, with or without notice or lapse of time, or both) exits under the Permitted Debt Facility Documents and (ii) such payments are made in accordance with the terms of the Permitted Debt Facility Documents;

(g) the Company may make Restricted Payments to the Permitted Convertible Notes Creditors;

(h) the Company may make any Restricted Payment in exchange for, or out of the net cash proceeds of a contribution to the common equity of the Company or a substantially concurrent sale (other than to a Subsidiary of the Company) of, Equity Interests (other than Disqualified Capital Stock) of the Company;

(i) the Company and its Subsidiaries may repurchase Equity Interests (i) deemed to occur upon the exercise of options, warrants or other convertible securities to the extent that such Equity Interests represent all or a portion of the exercise price thereof or (ii) deemed to occur upon the withholding of a portion of Equity Interests granted or awarded to any current or former officer, director, manager, employee or consultant (or permitted transferees, assigns, estates, trusts or heirs of any of the foregoing) to pay for taxes payable by such Person in connection with such grant or award (or the vesting thereof);

(j) the Company and its Subsidiaries may make payments of cash in lieu of fractional Equity Interests pursuant to the exchange or conversion of any exchangeable or convertible securities;

(k) the Company and its Subsidiaries may repurchase, redeem or otherwise acquire or retire for value any Equity Interests of the Company or any of the Company's Subsidiaries held by any current or former employee, director, manager, consultant or director (or permitted transferees, assigns, estates, trusts or heirs of any of the foregoing) of the Company or any of the Company's Subsidiaries pursuant to the terms of any employee equity subscription agreement, stock option agreement or similar agreement; provided that the aggregate price paid under this clause (k) in any Calendar Year, commencing with the Calendar Year ended December 31, 2020, will not exceed $1,000,000 (with unused amounts in any such Calendar Year being referred to as "Unused Amounts"); provided, further, that such amount may be increased by an amount not to exceed:

(A) the net cash proceeds from the sale of Equity Interests (other than Disqualified Capital Stock) of the Company to any current or former employee, director, manager, consultant or director of the Company or any of its Subsidiaries that occurs after the date of this Agreement; and

(B) the cash proceeds of life insurance policies received by the Company or the Subsidiaries after the date of this Agreement; and

(C) the aggregate Unused Amounts (which aggregate amount will be reduced to the extent used after the date of this Agreement to repurchase, redeem or otherwise acquire or retire for value any Equity Interests pursuant to this clause (k));

(l) the Company and its Subsidiaries make may payments or distributions to dissenting stockholders pursuant to Applicable Law in connection with any merger, amalgamation or consolidation with, or other acquisition of, another Person;

(m) to the extent constituting Restricted Payments, the Company and its Subsidiaries may make payments of contingent liabilities in respect of any adjustment of purchase price, earn outs, deferred compensation and similar obligations of the Company and its Subsidiaries; and

(n) Prior to the Minimum Return Date, the Company and its Subsidiaries may make any other Restricted Payments in an aggregate amount not to exceed $1,000,000.

Section 7.8 Burdensome Actions. (a) The Company and its Subsidiaries shall not enter into any Contract, or grant any right to any other Person, in any case that would conflict with the Transaction Documents or serve or operate to limit or circumscribe any of the Investor's rights under the Transaction Documents (or the Investor's ability to exercise any such rights) or create, incur, assume or suffer to exist any Lien upon any Collateral or any assets of any Pledged Subsidiary relating to Tebi (other than Permitted Liens), or agree to do or suffer to exist any of the foregoing. Without limiting the generality of the foregoing, the Company shall not enter into, or permit to exist, any Contractual Obligation that encumbers or restricts the ability of any Company Party to (i) pledge its property pursuant to the Transaction Documents or (ii) perform any of its obligations under the Transaction Documents or any Tebi Material Contract in any material respect. Notwithstanding anything to the contrary in this Agreement, the Company shall not take any action or abstain from taking any action, directly or indirectly, which action or abstinence would have the effect of altering the terms and conditions of this Agreement or the other Transaction Documents (or any ancillary documents thereto) in a manner that could reasonably be expected to result in a Material Adverse Effect.

(b) The Company and its Subsidiaries shall not enter into any Contract, grant any right to any other Person with respect to Tebi or amend or waive any requirements under any agreement with respect to Tebi that could reasonably be expected to result in a Material Adverse Effect.

Section 7.9 Affiliates. The Company shall not (a) permit any Affiliate that is not a Subsidiary to own any portion of the Collateral (or assets owned by any Pledged Subsidiary relating to Tebi (if any)) or (b) permit any Affiliate that is not a Subsidiary to own any assets that generate Net Revenues. No Company Party shall permit any Excluded Subsidiary to own any portion of the Collateral which is owned by such Company Party.

ARTICLE VIII
THE CLOSINGS

Section 8.1 Closing. Subject to the terms of this Agreement, the closings of the transactions contemplated hereby (each, a "Closing") shall take place on:

(a) for the initial Closing (the "Initial Closing"), on the date hereof (the "Initial Closing Date") or such other time and place as the parties hereto mutually agree; and

(b) for the second Closing (the "Second Closing"), subject to the satisfaction of the conditions set forth in Section 8.2(a), on the fifteenth (15th) Business Day (the "Second Closing Date") following the Investor Representative's receipt of written notification from the Company of the satisfaction of the other conditions set forth on Part I of Schedule 1.2, or such other time and place as the parties hereto mutually agree;

(c) for the third Closing (the "Third Closing"), subject to the satisfaction of the conditions set forth in Section 8.2(b), on the fifteenth (15th) Business Day (the "Third Closing Date") following the Investor Representative's receipt of written notification from the Company of the satisfaction of the other conditions set forth on Part II of Schedule 1.2, or such other time and place as the parties hereto mutually agree.

Section 8.2 Conditions to Subsequent Closings. (a) The obligations of each of the Investors relating to the Second Closing shall be conditional upon (i) no Bankruptcy Event with respect to the Company or any of its Subsidiaries or no Special Termination Event, Default or Event of Default having occurred and be continuing (and the Investor Representative's receipt of the certification from a Responsible Officer to that effect), and (ii) the satisfaction of the conditions set forth on Part I of Schedule 1.2. The Company shall notify the Investor Representative within ten (10) Business Days after all of the obligations set forth on Part I of Schedule 1.2 are satisfied.

(b) The obligations of each of the Investors relating to the Third Closing shall be conditional upon (i) no Bankruptcy Event with respect to the Company or any of its Subsidiaries or no Special Termination Event, Default or Event of Default having occurred and be continuing (and the Investor Representative's receipt of the certification from a Responsible Officer to that effect), and (ii) the satisfaction of the conditions set forth on Part II of Schedule 1.2. The Company shall notify the Investor Representative within ten (10) Business Days after all of the obligations set forth on Part II of Schedule 1.2 are satisfied.

Section 8.3 Closing Deliverables of the Company. (a) At the Initial Closing, the Company shall deliver or cause to be delivered to the Investor Representative the following:

(i) Transaction Documents. Receipt by the Investor Representative of executed counterparts (include by electronic means) of this Agreement and the Security Agreement, executed by the parties thereto (in a manner reasonably acceptable to the Investor Representative), in each case in form and substance satisfactory to the Investor Representative.

(ii) Organization Documents, Resolutions, Etc. Receipt by the Investor Representative of the following (to the extent not previously provided to the Investor Representative), each of which shall be originals or facsimiles, in form and substance reasonably satisfactory to the Investor Representative and its legal counsel:

(A) copies of the certificate of incorporation of each Grantor certified to be true and complete as of a recent date by the appropriate Governmental Authority of the state or other jurisdiction of its incorporation or organization, where applicable, and the other Organization Documents, in each case certified by a secretary or assistant secretary (or, if such entity does not have a secretary or assistant secretary, a Responsible Officer) of such Grantor to be true and correct as of the Initial Closing Date;

(B) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Grantor as the Investor Representative may reasonably require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Transaction Documents to which such Grantor is a party; and

(C) such documents and certifications as the Investor Representative may reasonably require to evidence that each Grantor is duly organized or formed, and is validly existing, in good standing and qualified to engage in business in its state of organization or formation.

(iii) Opinions of Counsel. Receipt by the Investor Representative of a written legal opinion of Gibson, Dunn & Crutcher LLP, addressed to the Investor Representative, dated the Initial Closing Date and in form and substance previously agreed between the Company and the Investor Representative.

(iv) Perfection and Priority of Liens. Receipt by the Investor Representative of the following:

(A) searches of Uniform Commercial Code filings in the jurisdictions within the United States where a filing would need to be made in order to perfect the Investor's security interest in the Collateral, copies of the financing statements on file in such jurisdictions and evidence that no Liens exist on the Collateral other than Permitted Liens;

(B) UCC financing statements for each appropriate jurisdiction within the United States, the United Kingdom, France, Germany, Spain and Italy as is necessary, in the Investor's sole discretion, to perfect the Investor's security interest in the Collateral;

(C) all certificates evidencing any certificated Equity Interests pledged to the Investor (if any), together with duly executed in blank and undated stock powers attached thereto; and

(D) searches of ownership of, and Liens on, the Tebi Patent Rights of each Grantor in the appropriate U.S. governmental offices.

(v) Responsible Officer's Certificate. Receipt by the Investor Representative of a certificate of a Responsible Officer of the Company certifying that (i) the representations and warranties set forth in Article IV (other than the Fundamental Representations) are true and correct in all material respects on and as of the Initial Closing Date (or, if made as of a specific date, as of such date); provided, that to the extent that any such representation or warranty is qualified by the term "material" or "Material Adverse Effect" such representation or warranty (as so written, including the term "material" or "Material Adverse Effect") shall have been true and correct in all respects as of the date hereof and shall be true and correct in all respects as of the Initial Closing Date or such other date, as applicable and (ii) that the Fundamental Representations are true and correct in all respects on and as of the Initial Closing Date (or, if made as of a specific date, as of such date).

(vi) Other. Such other documents, instruments, reports, statements and information as may be reasonably requested by the Investor Representative.

(b) At Initial Funding, the Company shall deliver or cause to be delivered to the Investor Representative the following:

(i) Responsible Officer's Certificate. Receipt by the Investor Representative of a certificate of a Responsible Officer of the Company certifying that (i) the representations and warranties set forth in Article IV (other than the Fundamental Representations) are true and correct in all material respects on and as of the Initial Funding Date (or, if made as of a specific date, as of such date); provided, that to the extent that any such representation or warranty is qualified by the term "material" or "Material Adverse Effect" such representation or warranty (as so written, including the term "material" or "Material Adverse Effect") shall have been true and correct in all respects as of the date hereof and shall be true and correct in all respects as of the Initial Funding Date or such other date, as applicable and (ii) that the Fundamental Representations are true and correct in all respects on and as of the Initial Funding Date (or, if made as of a specific date, as of such date).

(ii) Attorney Costs; Due Diligence Expenses. The Company shall have paid all reasonable and documented fees, charges and disbursements of counsel to the Investor and all reasonable and documented due diligence expenses of the Investor, in each case, incurred prior to or at the Initial Funding Date in accordance with Schedule 1.4; provided that the condition set forth in this clause (ii) will be satisfied by the transfer by the Investor of an amount equal to the Initial Investment Amount minus the amount owed by the Company under this clause (ii).

(c) At the Second Closing (should the Second Closing occur), the Company shall deliver or cause to be delivered to the Investor Representative the following:

(i) A certificate of a Responsible Officer of the Company (the statements made in which shall be true and correct on and as of the applicable Closing Date): (A) attaching copies, certified by such officer as true and complete, of (x) the organizational documents of the Company and (y) confirming that resolutions of the governing body of the Company authorizing and approving the execution, delivery and performance by the Company of the Transaction Documents and the transactions contemplated herein and therein remain in full force and effect; and (B) attaching a copy, certified by such officer as true and complete, of a good standing certificate of the appropriate Governmental Authority of the Company's jurisdiction of organization, stating that the Company is in good standing under the Applicable Laws of such jurisdiction;

(ii) A certificate of a Responsible Officer of the Company certifying the satisfaction of the condition set forth on Part I of Schedule 1.2 and such documents evidencing the satisfaction of such conditions as may reasonably be requested by the Investor Representative; and

(iii) A certificate of a Responsible Officer of the Company certifying that (A) the representations and warranties set forth in Article IV (other than the Fundamental Representations) are true and correct in all material respects on and as of the Second Closing Date (or, if made as of a specific date, as of such date); provided, that to the extent that any such representation or warranty is qualified by the term "material" or "Material Adverse Effect" such representation or warranty (as so written, including the term "material" or "Material Adverse Effect") shall have been true and correct in all respects as

of the date hereof and shall be true and correct in all respects as of the Second Closing Date or such other date, as applicable and (B) that the Fundamental Representations are true and correct in all respects on and as of the Second Closing Date (or, if made as of a specific date, as of such date), subject to any additions that the Company may make to Schedule 4.10(a) as of the Second Closing Date.

(d) At the Third Closing (should the Third Closing occur), the Company shall deliver or cause to be delivered to the Investor Representative the following:

(i) A certificate of a Responsible Officer of the Company (the statements made in which shall be true and correct on and as of the applicable Closing Date): (A) attaching copies, certified by such officer as true and complete, of (x) the organizational documents of the Company and (y) confirming that resolutions of the governing body of the Company authorizing and approving the execution, delivery and performance by the Company of the Transaction Documents and the transactions contemplated herein and therein remain in full force and effect; and (B) attaching a copy, certified by such officer as true and complete, of a good standing certificate of the appropriate Governmental Authority of the Company's jurisdiction of organization, stating that the Company is in good standing under the Applicable Laws of such jurisdiction; and

(ii) a certificate of a Responsible Officer of the Company certifying the satisfaction of the condition set forth on Part II of Schedule 1.2 and such documents evidencing the satisfaction of such conditions as may be requested by the Investor Representative.

ARTICLE IX
CONFIDENTIALITY

Section 9.1 Confidentiality; Permitted Use. During the Payment Term and for a period of three (3) years thereafter, each Party shall maintain in strict confidence all Confidential Information and materials disclosed or provided to it by the other Party, except as approved in writing in advance by the disclosing Party, and shall not use or reproduce the disclosing Party's Confidential Information for any purpose other than as required to carry out its obligations and exercise its rights pursuant to this Agreement (the "Purpose"). The Party receiving such Confidential Information (the "Recipient") agrees to institute measures to protect the Confidential Information in a manner consistent with the measures it uses to protect its own most sensitive proprietary and confidential information, which must not be less than a reasonable standard of care. Notwithstanding the foregoing, the Recipient may permit access to the disclosing Party's Confidential Information to those of its employees or authorized representatives having a need to know such information for the Purpose and who have signed confidentiality agreements or are otherwise bound by confidentiality obligations at least as restrictive as those contained herein. Each Party shall be responsible for the breach of this Agreement by its employees or authorized representatives. Each Party shall immediately notify the other Party upon discovery of any loss or unauthorized disclosure of the other Party's Confidential Information.

Section 9.2 Exceptions. The obligations of confidentiality and non-use set forth in Section 9.1 shall not apply to any portion of Confidential Information that the Recipient or its Affiliates can demonstrate was: (a) known to the general public at the time of its disclosure to the Recipient or its Affiliates, or thereafter became generally known to the general public, other than as a result of actions or omissions of the Recipient, its Affiliates, or anyone to whom the Recipient or its Affiliates disclosed such portion; (b) known by the Recipient or its Affiliates, prior to the date of disclosure by the disclosing Party; (c) disclosed to the Recipient or its Affiliates on an unrestricted basis from a source unrelated to the disclosing Party and not known by the Recipient or its Affiliates to be under a duty of confidentiality to the disclosing Party; or (d) independently developed by the Recipient or its Affiliates by personnel that did not use the Confidential Information of the disclosing Party in connection with such development.

Section 9.3 Permitted Disclosures. The obligations of confidentiality and non-use set forth in Section 9.1 shall not apply to the extent that the receiving Party or its Affiliates:

(a) is required to disclose Confidential Information pursuant to: (i) an order of a court of competent jurisdiction; (ii) Applicable Laws; (iii) regulations or rules of a securities exchange; (iv) requirement of a Governmental Authority for purposes related to development or commercialization of an Included Product, or (v) the exercise by each Party of its rights granted to it under this Agreement or its retained rights or as required to perfect Investor's rights under the Transaction Documents; or

(b) discloses such Confidential Information solely on a "need to know basis" to Affiliates, potential or actual: acquirers, merger partners, licensees, permitted assignees, collaborators (including Licensees), subcontractors, investment bankers, limited partners, lenders, or other financial partners, and their respective directors, employees, contractors and agents, or

(c) provides a copy of this Agreement or any of the other Transaction Documents to the extent requested by an authorized representative of a U.S. or foreign tax authority,

(d) discloses Confidential Information in response to a routine audit or examination by, or a blanket document request from, a Governmental Authority; provided that (A) such Third Party or person or entity in clause (b) agrees to confidentiality and non-use obligations with respect thereto at least as stringent as those specified for in this Article IX; and (B) in the case of clauses (a)(i) through (iv) and clause (c), to the extent permitted by Applicable Law, the Recipient shall provide prior written notice thereof to the disclosing Party and provide the opportunity for the disclosing Party to review and comment on such required disclosure and request confidential treatment thereof or a protective order therefor; and provided, further that the Recipient will use reasonable efforts to secure confidential treatment of such information and the Confidential Information disclosed shall be limited to that information which is legally required to be disclosed.

Notwithstanding anything set forth in this Agreement, prior to any foreclosure on the Collateral, the Investors and the Investor Representative shall not file any patent application based upon or using the Confidential Information of the Company provided hereunder.

Section 9.4 Return of Confidential Information. Each Party shall return or destroy, at the other Party's instruction, all Confidential Information of the other Party in its possession upon termination or expiration of this Agreement; provided, however, that each Party shall be entitled to retain one (1) copy of such Confidential Information of the other Party for legal archival purposes and/or as may be required by Applicable Law and neither Party shall be required to return, delete or destroy Confidential Information or any electronic files or any information prepared by such Party that have been backed-up or archived in the ordinary course of business consistent with past practice.

ARTICLE X
INDEMNIFICATION

Section 10.1 Indemnification by the Company. The Company agrees to indemnify and hold each of the Investors and their respective Affiliates and any and all of their respective partners, directors, managers, members, officers, employees, agents and controlling persons (each, a "Investor Indemnified Party") harmless from and against, and will pay to each Investor Indemnified Party the amount of, any and all Losses awarded against or incurred or suffered by such Investor Indemnified Party arising out of (a) any breach of any representation, warranty or certification made by the Company in any of the Transaction Documents or certificates given by the Company to the Investor Representative in writing pursuant to this Agreement or any other Transaction Document, (b) any breach of or default under any covenant or agreement by the Company to the Investor Representative pursuant to any Transaction Document, (c) any Excluded Liabilities and Obligations and (d) any fees, expenses, costs, liabilities or other amounts incurred or owed by the Company to any brokers, financial advisors or comparable other Persons retained or employed by it in connection with the transactions contemplated by this Agreement (collectively, the "Company Indemnification Obligations"); provided, however, that the foregoing shall exclude any indemnification to any Investor Indemnified Party (i) that results from the bad faith or willful misconduct of such Investor Indemnified Party, (ii) to the extent resulting from acts or omissions of the Company based upon the written instructions from any Investor Indemnified Party or (iii) for any matter to the extent of, and in respect of, which any Company Indemnified Party would be entitled to indemnification under Section 10.2.

Section 10.2 Indemnification by the Investor. The Investors jointly and severally agree to indemnify and hold each of the Company, its Affiliates and any and all of their respective partners, directors, managers, members, officers, employees, agents and controlling Persons (each, a "Company Indemnified Party") harmless from and against, and will pay to each Company Indemnified Party the amount of, any and all Losses awarded against or incurred or suffered by such Company Indemnified Party arising out of (a) any breach of any representation, warranty or certification made by the Investors in any of the Transaction Documents or certificates given by the Investors in writing pursuant hereto or thereto, (b) any breach of or default under any covenant or agreement by the Investors pursuant to any Transaction Document and (c) any fees, expenses, costs, liabilities or other amounts incurred or owed by the Investors to any brokers, financial advisors or comparable other Persons retained or employed by it in connection with the transactions contemplated by this Agreement (collectively, the "Investor Indemnification Obligations"); provided, however, that the foregoing shall exclude any indemnification to any Company Indemnified Party (i) that results from the bad faith or willful misconduct of such Company Indemnified Party, (ii) to the extent resulting from acts or omissions of the Investors based upon the written instructions from any Company Indemnified Party or (iii) for any matter to the extent of, and in respect of, which any Investor Indemnified Party would be entitled to indemnification under Section 10.1.

Section 10.3 Procedures. If any Third Party Claim shall be brought or alleged against an indemnified party in respect of which indemnity is to be sought against an indemnifying party pursuant to Section 10.1 or Section 10.2, the indemnified party shall, promptly after receipt of notice of the commencement of any such Third Party Claim, notify the indemnifying party in writing of the commencement thereof, enclosing a copy of all papers served, if any; provided, that the omission to so notify such indemnifying party will not relieve the indemnifying party from any liability that it may have to any indemnified party under Section 10.1 or Section 10.2 unless, and only to the extent that, the indemnifying party is actually prejudiced by such omission. In the event that any Third Party Claim is brought against an indemnified party and it notifies the indemnifying party of the commencement thereof in accordance with this Section 10.3, the indemnifying party will be entitled, at the indemnifying party's sole cost and expense, to participate therein. In any such Third Party Claim, an indemnified party shall have the right to retain its own counsel, but the reasonable fees and expenses of such counsel shall be at the sole cost and expense of such indemnified party unless (a) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel, (b) the indemnifying party has failed within a reasonable time to retain counsel reasonably satisfactory to such indemnified party or (c) the named parties to any such Third Party Claim (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential conflicts of interests between them based on the advice of counsel to the indemnifying party. It is agreed that the indemnifying party shall not, in connection with any Third Party Claim or related proceedings in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate law firm (in addition to local counsel where necessary) for all such indemnified parties. The indemnifying party shall not be liable for any settlement of any Third Party Claim effected without its written consent, but, if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any Loss by reason of such settlement or judgment. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement, compromise or discharge of any pending or threatened Third Party Claim in respect of which any indemnified party is or would have been a party and indemnity would have been sought hereunder by such indemnified party, unless such settlement, compromise or discharge, as the case may be, (i) includes an unconditional written release of such indemnified party, in form and substance reasonably satisfactory to the indemnified party, from all liability on claims that are the subject matter of such claim or proceeding, (ii) does not include any statement as to an admission of fault, culpability or failure to act by or on behalf of any indemnified party and (iii) does not impose any continuing material obligation or restrictions on such indemnified party.

Section 10.4 Other Claims. A claim by an indemnified party under this ARTICLE X for any matter not involving a Third Party Claim and in respect of which such indemnified party seeks indemnification hereunder may be made by delivering, in good faith, a written notice of demand to the indemnifying party, which notice shall contain (a) a description and the amount of any Losses incurred or suffered by the indemnified party (and the method of computation of such Losses), (b) a statement that the indemnified party is entitled to

indemnification under this ARTICLE X for such Losses and a reasonable explanation of the basis therefor, and (c) a demand for payment in the amount of such Losses. For all purposes of this Section 10.4, the Company shall be entitled to deliver such notice of demand to the Investor Representative on behalf of the Company Indemnified Parties, and the Investor Representative shall be entitled to deliver such notice of demand to the Company on behalf of the Investor Indemnified Parties. Within thirty (30) days after receipt by the indemnifying party of any such notice, the indemnifying party may deliver to the indemnified party that delivered the notice a written response in which the indemnifying party (a) agrees that the indemnified party is entitled to the full amount of the Losses claimed in the notice from the indemnified party; (b) agrees that the indemnified party is entitled to part, but not all, of the amount of the Losses claimed in the notice from the indemnified party; or (c) indicates that the indemnifying party disputes the entire amount of the Losses claimed in the notice from the indemnified party. If the indemnified party does not receive such a response from the indemnifying party within such thirty (30)-day period, then the indemnifying party shall be conclusively deemed to have agreed that the indemnified party is entitled to the full amount. If the indemnifying party and the indemnified party are unable to resolve any Dispute relating to any amount of the Losses claimed in the notice from the indemnified party within thirty (30) days after the delivery of the response to such notice from the indemnifying party, then the parties shall be entitled to resort to any legal remedy available to such party to resolve such Dispute that is provided for in this Agreement, subject to all the terms, conditions and limitations of this Agreement.

Section 10.5 Exclusive Remedies. The indemnification afforded by this ARTICLE X shall be the sole and exclusive remedy for any and all Losses awarded against or incurred or suffered by the Investor Indemnified Parties against the Company in connection with the Company Indemnification Obligations and the Company Indemnified Parties against the Investors in connection with the Investor Indemnification Obligations under Section 10.1(a) or Section 10.2, as applicable, in each case other than any Company Indemnification Obligations or Investor Indemnification Obligations, as applicable, resulting from (a) the gross negligence, the bad faith or willful misconduct of the other Party or (b) acts or omissions based upon the written instructions from the other Party; provided that nothing in this Section 10.5 shall alter or affect the rights of the either Party to specific performance by the other Party under the Transaction Documents or the rights of the Investors to exercise remedies under the Transaction Documents after an Event of Default or other rights of creditors under the UCC or any other Applicable Law.

Section 10.6 Certain Limitations. The indemnification afforded by this ARTICLE X shall be subject to the following limitations:

(a) With respect to indemnification by the Company pursuant to Section 10.1(a), the Company's maximum liability for any Loss suffered by an Investor Indemnified Party (other than any Loss resulting from a Third Party Claim) shall not exceed an amount (the "Company Indemnification Cap") equal to (1) the Hard Cap and the amount of all of the other Obligations owed by the Company Parties to the Investors under this Agreement and the other Transaction Documents (other than the indemnification amounts payable under Section 10.1(a)) as of the date of determination, *minus* (2) the aggregate amount of all of the payments collected or received by the Investor Representative (and any direct or indirect transferee of the Investor Representative to whom any interest in the Revenue Interests is transferred) hereunder as of such date of determination (other than (i) any payments collected or received as a reimbursement of

expenses incurred by any Investor Indemnified Party (including attorney's fees) and (ii) any indemnification payments collected or received pursuant to Section 10.1(a)), *minus* (3) the aggregate amount collected or received by the Investor Representative (and any direct or indirect transferee of the Investor Representative to whom any interest in the Revenue Interests is transferred) pursuant to the exercise of its rights under Section 10.1(a) (without duplication of any amounts collected or received pursuant to clause (2)) prior to such date of determination to the extent such amount was not collected or received in connection with a Third Party Claim. Notwithstanding the foregoing, the Company Indemnification Cap shall not apply to any Loss suffered by any Investor Indemnified Party in connection with a Third Party Claim.

(b) With respect to indemnification by the Investors pursuant to Section 10.2, the Investor's maximum liability shall not exceed an amount equal to the excess (if any) of (A) the aggregate amount of all of the payments collected or received by the Investors from the Company prior to the date of determination (excluding any amounts collected or received as a reimbursement of expenses incurred by the Investors or any indemnification amounts collected or received in connection with a Third Party Claim) over (B) the Investment Amount.

ARTICLE XI
EVENTS OF DEFAULT AND REMEDIES

Section 11.1 Events of Default. Any of the events set forth on Schedule 11.1 following shall constitute an Event of Default.

Section 11.2 Remedies Upon Event of Default. If any Event of Default occurs and is continuing, the Company shall immediately pay the Final Payment Amount to the Investor Representative. In addition, the Investor Representative may exercise on behalf of itself and the Investors all rights and remedies available to it and the Investors under the Transaction Documents and Applicable Law; provided, however, that upon the occurrence of an actual or deemed entry of an order for relief with respect to the Company under the Bankruptcy Code of the United States or under any other Debtor Relief Law, the obligation of each of the Investors to pay or advance any funds shall automatically terminate, and the Final Payment Amount shall automatically become due and payable, in each case without further act of the Investors.

ARTICLE XII
MISCELLANEOUS

Section 12.1 Survival. All representations, warranties and covenants made herein and in any other Transaction Document or any certificate delivered pursuant to this Agreement shall survive the execution and delivery of this Agreement and the Closing. The rights hereunder to indemnification and payment of Losses under ARTICLE X or to seek specific performance under Section 12.2 based on such representations, warranties and covenants shall not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time (whether before or after the execution and delivery of this Agreement or the Closing) in respect of the accuracy or inaccuracy of or compliance with, any such representation, warranty or covenant.

Section 12.2 Specific Performance. Each of the Parties hereto acknowledges that the other Party hereto may not have adequate remedy at law if the other Party fails to perform any of its obligations under any of the Transaction Documents. In such event, each of the Parties hereto agrees that the other Party hereto shall have the right, in addition to any other rights it may have (whether at law or in equity), to seek specific performance of this Agreement without the necessity of posting a bond or proving the inadequacy of monetary damages as a remedy and to seek injunctive relief against any breach or threatened breach of the Transaction Documents. The Parties further agree not to assert that a remedy of specific performance is unenforceable, invalid, contrary to Applicable Law or inequitable for any reason.

Section 12.3 Notices. All notices, consents, waivers and other communications hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier (costs prepaid and receipt requested), (c) on the date personally delivered to an authorized officer of the party to which sent or (d) on the date transmitted by electronic transmission (other than facsimile transmission) with a confirmation of receipt, in all cases, with a copy emailed to the recipient at the applicable address, addressed to the recipient as follows:

if to the Company, to:

Spero Therapeutics Inc.
675 Massachusetts Avenue, 14th Floor
Cambridge, Massachusetts, 02139
Attn: Tamara Joseph; Sath Shukla
Email: [***]; [***]

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

Gibson, Dunn & Crutcher LLP
555 Mission Street
San Francisco, CA 94105
Attn: Ryan A. Murr; Todd J. Trattner
Email: rmurr@gibsondunn.com; ttrattner@gibsondunn.com

if to the Investor, to:

HealthCare Royalty Management, LLC
on behalf of each entity constituting the Investor
300 Atlantic Street, Suite 600
Stamford, CT 06901
Attention: Clarke B. Futch
Managing Partner
Email: [***]

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

HealthCare Royalty Management, LLC
on behalf of each entity constituting the Investor
300 Atlantic Street, Suite 600
Stamford, CT 06901
Attention: John A. Urquhart
Email: [***]

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

HealthCare Royalty Management, LLC
on behalf of each entity constituting the Investor
300 Atlantic Street, Suite 600
Stamford, CT 06901
Attention: Chief Legal Officer
Email: [***]

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

Cadwalader, Wickersham & Taft LLP
200 Liberty Street
New York, New York 10281
Attn: Ira J. Schacter
E-mail: ira.schacter@cwt.com

Each Party hereto may, by notice given in accordance herewith to the other Party hereto, designate any further or different address to which subsequent notices, consents, waivers and other communications shall be sent.

Section 12.4 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns. The Company shall not be entitled to assign any of its obligations and rights under this Agreement without the prior written consent of the Investor Representative. The Investors may assign any of their obligations (other than those arising under Section 3.1, unless the assignee is an Affiliate of the Investors and has provided the Company with the representations and warranties set forth in Article V) and rights hereunder to any other Person without the consent of the Company. The Investor Representative shall give notice of any such assignment to the Company promptly after the occurrence thereof. The Company shall maintain a "register" for the recordation of the names and addresses of, and the amounts owing to, each Investor from time to time. Notwithstanding anything to the contrary contained in this Agreement, no assignment of any interest of any Investor shall be effective until such assignment is recorded in the register and, consistent with the foregoing, the Company shall treat any Investor recorded in the register as an Investor under this Agreement, notwithstanding notice to the contrary. The Company shall be under no obligation to reaffirm any representations, warranties or covenants made in this Agreement or any of the other Transaction Documents. Any purported assignment of rights or obligations in violation of this Section 12.4 will be void.

Section 12.5 Independent Nature of Relationship. The relationship between the Company and the Investors is solely that of lender and borrower, and neither the Company nor any of the Investors has any fiduciary or other special relationship with the any of the Investors and their Affiliates on the one hand, or the Company and its Affiliates on the other hand. Nothing contained herein or in any other Transaction Document shall be deemed to constitute the Company and the Investors as a partnership, an association, a joint venture or any other kind of entity or legal form. The Parties agree that they shall not take any inconsistent position with respect to such treatment in a filing with any Governmental Authority.

Section 12.6 Entire Agreement. This Agreement, together with the Exhibits hereto (which are incorporated herein by reference) and the other Transaction Documents, constitute the entire agreement between the Parties hereto with respect to the subject matter hereof and supersede all prior agreements, understandings and negotiations, both written and oral, between the Parties hereto with respect to the subject matter of this Agreement. No representation, inducement, promise, understanding, condition or warranty not set forth herein (or in the Exhibits hereto or the other Transaction Documents) has been made or relied upon by either Party hereto.

Section 12.7 Governing Law.

(a) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL SUBSTANTIVE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO THE RULES THEREOF RELATING TO CONFLICTS OF LAW OR CHOICE OF FORUM OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

(b) Each of the Parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the Parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by Applicable Law, in such federal court. Each of the Parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Applicable Law.

(c) Each of the Parties hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in Section 12.7(b). Each of the Parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each of the Parties hereto irrevocably consents to service of process in the manner provided for notices in Section 12.3. Nothing in this Agreement will affect the right of any Party hereto to serve process in any other manner permitted by Applicable Law. Each of the Parties hereto waives personal service of any summons, complaint or other process, which may be made by any other means permitted by New York law.

Section 12.8 Waiver of Jury Trial. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE OTHER PARTY HERETO WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS Section 12.8.

Section 12.9 Severability. If one or more provisions of this Agreement are held to be invalid, illegal or unenforceable by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, which shall remain in full force and effect, and the Parties hereto shall replace such invalid, illegal or unenforceable provision with a new provision permitted by Applicable Law and having an economic effect as close as possible to the invalid, illegal or unenforceable provision. Any provision of this Agreement held invalid, illegal or unenforceable only in part or degree by a court of competent jurisdiction shall remain in full force and effect to the extent not held invalid, illegal or unenforceable.

Section 12.10 Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each Party hereto shall have received a counterpart hereof signed by the other Party hereto. Any counterpart may be executed by facsimile or other electronic transmission, and such facsimile or other electronic transmission shall be deemed an original.

Section 12.11 Amendments; No Waivers. Neither this Agreement nor any term or provision hereof may be amended, supplemented, restated, waived, changed or modified except with the written consent of the Company and the Investor Representative. No failure or delay by either Party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. No notice to or demand on either Party hereto in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver or approval hereunder shall, except as may otherwise be stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval hereunder shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Applicable Law.

Section 12.12 No Third Party Rights. Other than the Parties, no Person will have any legal or equitable right, remedy or claim under or with respect to this Agreement. This Agreement may be amended or terminated, and any provision of this Agreement may be waived, without the consent of any Person who is not a Party. The Company shall enforce any legal or equitable right, remedy or claim under or with respect to this Agreement for the benefit of the Company Indemnified Parties and the Investor Representative shall enforce any legal or equitable right, remedy or claim under or with respect to this Agreement for the benefit of the Investor Indemnified Parties.

Section 12.13 Table of Contents and Headings. The Table of Contents and headings of the Articles and Sections of this Agreement have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

SPERO THERAPEUTICS INC.

By: /s/ Ankit Mahadevia
Name: Ankit Mahadevia
Title: President, Chief Executive Officer

[*Signature Page to Revenue Interest Financing Agreement]*

HEALTHCARE ROYALTY PARTNERS IV, L.P.

By: HealthCare Royalty GP IV, LLC,
its general partner

By: /s/ Clarke B. Futch
Name: Clarke B. Futch
Title: Chairman & Chief Executive Officer

HCRP OVERFLOW FUND, L.P.

By: HCRP Overflow GP, LLC
its general partner

By: /s/ Clarke B. Futch
Name: Clarke B. Futch
Title: Chairman & Chief Executive Officer

HCR STAFFORD FUND, L.P.

By: HCR Stafford Fund GP, LLC,
its general partner

By: /s/ Clarke B. Futch
Name: Clarke B. Futch
Title: Chairman & Chief Executive Officer

HCR CANARY FUND, L.P.

By: HCR Canary Fund GP, LLC,
its general partner

By: /s/ Clarke B. Futch
Name: Clarke B. Futch
Title: Chairman & Chief Executive Officer

HCR POTOMAC FUND, L.P.

By: HCR Potomac Fund GP, LLC,
its general partner

By: /s/ Clarke B. Futch
Name: Clarke B. Futch
Title: Chairman & Chief Executive Officer

HCR MOLAG FUND, L.P.

By: HCR Molag Fund GP, LLC,
its general partner

By: /s/ Clarke B. Futch
Name: Clarke B. Futch
Title: Chairman & Chief Executive Officer

DISCLOSURE SCHEDULES

of

SPERO THERAPEUTICS INC.

pursuant to that certain

REVENUE INTEREST FINANCING AGREEMENT

dated as of September 29, 2021

by and among

SPERO THERAPEUTICS, INC.

and

ENTITIES MANAGED BY HEALTHCARE ROYALTY MANAGEMENT, LLC

The following schedules are delivered pursuant to that certain Revenue Interest Financing Agreement (the "Agreement"), dated as of September 29, 2021, by and between SPERO THERAPEUTICS INC., a Delaware corporation (the "Company") and the entities managed by HEALTHCARE ROYALTY MANAGEMENT, LLC, as listed on the signature pages thereto (the "Investors"). Nothing contained in these schedules is intended to broaden the scope of any representation or warranty contained in the Agreement or to create any covenant. The information set forth in these schedules shall be deemed to be disclosed for purposes of all Sections or subsections.

Notwithstanding any materiality qualifications in any representations or warranties in the Agreement, for administrative ease, certain items have been included herein which are not considered by the Company to be material to its business, assets (including intangible assets), financial condition, prospects or results of operations. No reference to or disclosure of any item or other matter in these schedules shall be construed as an admission or indication that such item or other matter is material (nor shall it establish a standard of materiality for any purpose whatsoever) or that such item or other matter is required to be referred to or disclosed herein.

The information set forth in these schedules is disclosed solely for the purposes of the Agreement, and nothing in these schedules constitute an admission by any party hereto of any liability or obligation of the Company to any third party of any matter whatsoever, or an admission against the Company interests. The inclusion of any matters not required by the Agreement to be reflected in these schedule is set forth for informational purposes and does not necessarily include other matters of a similar informational nature. In disclosing the information in these schedules, the Company expressly does not waive any attorney-client privilege associated with such information or any protection afforded by the work-product doctrine with respect to any of the matters disclosed or discussed herein.

The information contained in these schedules is in all respects subject to ARTICLE IX of the Agreement. These schedules and the information, descriptions and disclosures included herein are intended to qualify and limit the representations, warranties, and covenants of the Company contained in the Agreement. The headings used in these schedules are inserted for convenience only and shall not create a different standard for disclosure than the language set forth in the Agreement. Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed thereto in the Agreement.

SCHEDULE 1

[***]

SCHEDULE 1.1

KNOWLEDGE PERSONS

[***]

SCHEDULE 1.2

PART I

CONDITION TO SECOND CLOSING

1. [***]

PART II

CONDITIONS TO THIRD CLOSING

1. [***]

2. [***]

SCHEDULE 1.3

SPECIAL TERMINATION AMOUNT

[***]

SCHEDULE 1.4

EXPENSES

[***]

SCHEDULE 1.5

PRODUCT PLAN

[***]

SCHEDULE 4.6

NO LITIGATION

[***]

SCHEDULE 4.8

BROKER'S FEES

[***]

SCHEDULE 4.9

COMPLIANCE WITH LAWS

[***]

SCHEDULE 4.10

IP RIGHTS

[***]

SCHEDULE 4.12(A)

MATERIAL CONTRACTS

[***]

SCHEDULE 4.15

PERMITTED DEBT

[***]

SCHEDULE 4.20

SUBSIDIARIES

[***]

SCHEDULE 4.26(a)

COMPLIANCE

[***]

SCHEDULE 4.26(b)

INCLUDED PRODUCTS

[***]

SCHEDULE 6.2

ADDITIONAL INFORMATION

[***]

SCHEDULE 6.8

LICENSE AGREEMENTS

[***]

SCHEDULE 11.1

EVENTS OF DEFAULT

[***]

EXHIBIT A

FORM OF PRESS RELEASE

SPERO THERAPEUTICS ENTERS INTO A NON-DILUTIVE REVENUE INTEREST FINANCING AGREEMENT WITH HEALTHCARE ROYALTY PARTNERS® FOR UP TO $125 MILLION

Investment expected to extend Spero Therapeutics' cash runway into Q4 2023

CAMBRIDGE, Mass., September 29, 2021 (GLOBE NEWSWIRE) — Spero Therapeutics, Inc. (Nasdaq: SPRO), a multi-asset clinical-stage biopharmaceutical company focused on identifying, developing, and commercializing treatments in high unmet need areas involving multi-drug resistant bacterial infections and rare diseases, today announced that it has entered into a revenue interest financing agreement with HealthCare Royalty Partners® for up to $125 million. Spero intends to use the proceeds from the agreement and existing cash on hand to prepare for the anticipated launch of tebipenem HBr, as well as to support the continued clinical development of SPR720 and SPR206.

Under the terms of the agreement, Spero will receive $50 million from HealthCare Royalty Partners® by October 21, 2021. Spero is also entitled to receive an additional $50 million upon the U.S. Food and Drug Administration (FDA) approval of tebipenem HBr (Tebi) for a complicated urinary tract infection (cUTI) indication, and an additional $25 million upon the completion of a prespecified commercial milestone and mutual agreement between Spero and HealthCare Royalty Partners®.

In exchange for the total investment amount received by Spero, HealthCare Royalty Partners® will receive a tiered royalty on applicable revenue generated by tebipenem HBr, SPR720 and SPR206 and other products marketed by Spero until the aggregate amount paid to HealthCare Royalty Partners® is two and a half times the total investment amount. The tiered royalty will begin in the low double digits and decrease to the low single digits upon the achievement of certain annual revenue thresholds. Applicable revenue includes net sales made by Spero (but not its licensees) worldwide and any royalties received by the Company from its licensees on net sales outside the United States.

"HealthCare Royalty Partners® is a premier investment firm, and we are thrilled with our newly announced partnership," said Ankit Mahadevia, M.D., Chief Executive Officer of Spero Therapeutics. "It provides both validation for tebipenem HBr's commercial opportunity and non-dilutive capital that preserves our financial flexibility. As we move toward an anticipated NDA submission in the fourth quarter and prepare for tebipenem HBr's expected launch, these funds will enable the efficient execution of our objectives."

Clarke Futch, Chairman and Chief Executive Officer of HealthCare Royalty Partners® commented; “Our extensive due diligence process has given us confidence in Spero’s commercial prospects. The company has a highly talented management team and impressive Phase 3 data. These data demonstrate tebipenem HBr’s ability to address a critical unmet need in cUTI, which represents an attractive market opportunity with a concentrated prescriber base. We look forward to tebipenem HBr’s anticipated NDA filing and regulatory review, along with the advancement of Spero’s broader clinical-stage pipeline.”

Based on its current projections, and assuming approval of Tebi in 2022, Spero believes that the $50 million in upfront proceeds from the revenue interest financing and the $50 million approval milestone payment will extend its cash runway into Q4 2023, without accounting for the addition of a potential milestone payment.

Ladenburg Thalmann & Co. Inc. and Royalty/Revenue Interest Capital Advisors LLC served as financial advisors and placement agent, and Gibson, Dunn & Crutcher LLP served as legal counsel to Spero. Cadwalader, Wickersham & Taft LLP served as legal counsel to HealthCare Royalty Partners®.

About Spero

Spero Therapeutics, Inc. is a multi-asset, clinical-stage biopharmaceutical company focused on identifying, developing and commercializing novel treatments for multi-drug-resistant (MDR) bacterial infections and rare diseases.

Spero’s lead product candidate, tebipenem HBr (tebipenem pivoxil hydrobromide; formerly SPR994), is being developed as the first oral carbapenem antibiotic for use in complicated urinary tract infections (cUTI) and acute pyelonephritis (AP). In September 2020, Spero announced positive top-line results from its Phase 3 ADAPT-PO clinical trial of tebipenem HBr in cUTI and AP.

Spero is also developing SPR720 as a novel oral therapy product candidate for the treatment of rare, orphan pulmonary disease caused by non-tuberculous mycobacterial (NTM) infections.

Spero also has an IV-administered next generation polymyxin product candidate, SPR206, developed from its potentiator platform, which is being developed to treat MDR Gram-negative infections in the hospital setting.

For more information, visit ***https://sperotherapeutics.com.***

About HealthCare Royalty Partners®

HealthCare Royalty Partners® purchases royalties and uses debt-like structures to invest in commercial or near-commercial stage life science assets. HealthCare Royalty Partners® has $5.9 billion in cumulative capital commitments with offices in Stamford (CT), San Francisco, Boston and London. HealthCare Royalty Partners® is a registered trademark of HealthCare Royalty Management, LLC in the U.S. and a trademark in other countries. For more information, visit ***www.healthcareroyalty.com***.

EXH. A

Forward Looking Statements

This press release may contain forward-looking statements. These statements include, but are not limited to, statements about the initiation, timing and submission to the FDA of a NDA for tebipenem HBr and the potential approval of tebipenem HBr by the FDA; the ability of Spero to receive a milestone payment under the HealthCare Royalty Partners® financing facility; and Spero's cash runway forecast and anticipated expenses, the sufficiency of its cash resources and the availability of additional non-dilutive funding from governmental agencies beyond any initially funded awards. In some cases, forward-looking statements can be identified by terms such as "may," "will," "should," "expect," "plan," "aim," "anticipate," "could," "intent," "target," "project," "contemplate," "believe," "estimate," "predict," "potential" or "continue" or the negative of these terms or other similar expressions. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including Spero's ability to timely complete the NDA submission to the FDA for tebipenem HBr; Spero's need for additional funding; the lengthy, expensive, and uncertain process of clinical drug development; whether results obtained in preclinical studies and clinical trials will be indicative of results obtained in future clinical trials; Spero's reliance on third parties to manufacture, develop, and commercialize its product candidates, if approved; the ability to develop and commercialize Spero's product candidates, if approved; the potential impact of the COVID-19 pandemic; Spero's ability to retain key personnel and to manage its growth; whether Spero's cash resources will be sufficient to fund its continuing operations for the periods and/or trials anticipated; and other factors discussed in the "Risk Factors" set forth in filings that Spero periodically makes with the U.S. Securities and Exchange Commission. The forward-looking statements included in this press release represent Spero's views as of the date of this press release. Spero anticipates that subsequent events and developments will cause its views to change. However, while Spero may elect to update these forward-looking statements at some point in the future, it specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing Spero's views as of any date subsequent to the date of this press release.

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EXH. A

EXHIBIT B

FORM OF COMPLIANCE CERTIFICATE

Financial Statement Date: _____, 20___ (the "Financial Statement Date")

To: [HealthCare Royalty Management, LLC], as Investor Representative

Re: Revenue Interest Financing Agreement dated as of September 29, 2021 (as amended, modified, restated, supplemented or extended from time to time, the "Revenue Interest Financing Agreement") among Spero Therapeutics Inc., a Delaware corporation (the "Company") and [the entities managed by HealthCare Royalty Management, LLC listed on the signature pages thereto]. Capitalized terms used but not otherwise defined herein have the meanings provided in the Revenue Interest Financing Agreement.

Ladies and Gentlemen:

The undersigned [chief executive officer / chief financial officer / treasurer / controller] hereby certifies as of the date hereof that [he/she] is the _____ of the Company, and that, in [his/her] capacity as such, [he/she] is authorized to execute and deliver this Compliance Certificate to the Investor Representative on the behalf of the Company, and that:

[Use following paragraph 1 for fiscal year-end financial statements that are not previously filed with the SEC:]

[1. Attached hereto as Schedule 1 are the year-end audited financial statements required by Section 6.9(a) of the Revenue Interest Financing Agreement for the fiscal year of the Company ended as of the Financial Statement Date, together with the report and opinion of an independent certified public accountant required by such Section.]

[Use following paragraph 1 for fiscal quarter-end financial statements that are not previously filed with the SEC:]

[1. Attached hereto as Schedule 1 are the unaudited financial statements required by Section 6.9(b) of the Revenue Interest Financing Agreement for the fiscal quarter of the Company ended as of the Financial Statement Date. Such financial statements fairly present in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Company and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes.]

2. The undersigned has reviewed and is familiar with the terms of the Revenue Interest Financing Agreement and has made, or has caused to be made, a reasonably detailed review of the transactions and condition (financial or otherwise) of the Company during the past fiscal quarter.

3. A review of the activities of the Company during such fiscal period has been made under the supervision of the undersigned with a view to determining whether during such fiscal period the Company performed and observed all of its Obligations, and

[select one:]

[to the knowledge of the undersigned during such fiscal period, the Company performed and observed each covenant and condition of the Transaction Documents applicable to it, and no Special Termination Event, Default or Event of Default has occurred and is continuing.]

[or:]

[the following covenants or conditions have not been performed or observed and the following is a list of each such Special Termination Event, Default and/or Event of Default and its nature and status:]

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has executed this Compliance Certificate as of _____, 20__.

Spero Therapeutics Inc.,
a Delaware corporation

By: _____
Name:
Title:

EXHIBIT C

EXAMPLE OF CALCULATION OF INCLUDED PRODUCT PAYMENT AMOUNT

		Total Calendar Year Revenue *($ millions)*			
		Q1	**Q2**	**Q3**	**Q4**
Period's Net Revenue		$100.0	$155.0	$175.0	$200.0
Cumulative Annual Net Revenue		$100.0	$255.0	$430.0	$630.0
A. Portion of Annual Net Revenue less than or equal to $250,000,000		$100.0	$150.0	$ —	$ —
B. Portion of Annual Net Revenue exceeding $250,000,000 and less than $500,000,000		$ —	$ 5.0	$175.0	$ 70.0
C. Portion of Annual Net Revenue greater than or equal to $500,000,000		$ —	$ —	$ —	$130.0
Applicable Tiered Percentage for A	12.00%	$ 12.0	$ 18.0	$ —	$ —
Applicable Tiered Percentage for B	4.00%	$ —	$ 0.2	$ 7.0	$ 2.8
Applicable Tiered Percentage for C	1.00%	$ —	$ —	$ —	$ 1.3
Payment for each Calendar Quarter		$ 12.0	$ 18.2	$ 7.0	$ 4.1

EXHIBIT D

FORM OF JOINDER AGREEMENT

THIS JOINDER AGREEMENT (this "Agreement") dated as of [_____] is by and among [NAME OF NEW GUARANTOR] (the "New Subsidiary") and [HEALTHCARE ROYALTY PARTNERS IV, L.P.], each as secured party (in such capacities, collectively, the "Secured Party"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Revenue Interest Financing Agreement, dated as of September 29, 2021 (the "Revenue Interest Financing Agreement"), among Spero Therapeutics Inc. (the "Company") and the Secured Party as Investor.

The New Subsidiary is required by Section 6.1(a) of the Revenue Interest Financing Agreement to become a "Grantor" under the Security Agreement. Accordingly and as of the date hereof, the New Subsidiary hereby agrees as follows with the Secured Party:

1. The New Subsidiary hereby acknowledges, agrees and confirms that, by its execution of this Agreement, the New Subsidiary will be deemed to be a party to the Security Agreement and a "Grantor" for all purposes of the Security Agreement, and shall have all the obligations of a Grantor thereunder as if it had executed the Security Agreement. The New Subsidiary hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Security Agreement (subject to the information set forth on the schedules to this Agreement). Without limiting the generality of the foregoing terms of this Section 1, the New Subsidiary hereby grants to the Secured Party, a continuing security interest in any and all right, title and interest of the New Subsidiary in and to the Collateral of the New Subsidiary to secure the prompt payment and performance in full when due, whether by lapse of time, acceleration, mandatory prepayment or otherwise, of the Secured Obligations (as defined in the Security Agreement).

2. The New Subsidiary hereby represents and warrants to the Secured Party that:

(a) The New Subsidiary's exact legal name and state of organization are as set forth on the signature pages hereto.

(b) The New Subsidiary's taxpayer identification number and organizational identification number are set forth on Schedule 1 hereto.

(c) Other than as set forth on Schedule 2 hereto, the New Subsidiary has not changed its legal name, changed its state of organization, or been party to a merger, consolidation or other change in structure in the five years preceding the date hereof.

(d) Schedule 3 hereto sets forth a complete and accurate list of the Collateral of the New Subsidiary as of the date hereof, in form and substance substantially similar to the original scheduling requirements of the Collateral by the Company under the Revenue Interest Financing Agreement

(e) Schedule 4 hereto is a complete and accurate list as of the date hereof of each Subsidiary of the New Subsidiary, together with (i) jurisdiction of organization, (ii) number of shares of each class of Equity Interests outstanding, (iii) number and percentage of outstanding shares of each class owned (directly or indirectly) by the New Subsidiary and (iv) number and effect, if exercised, of all outstanding options, warrants, rights of conversion or purchase and all other similar rights with respect thereto.

(f) Without limiting the generality of the terms of Section 1, to the extent applicable to it, the New Subsidiary represents and warrants that the representations and warranties in the ARTICLE IV of the Revenue Interest Financing Agreement applicable to the New Subsidiary are true and correct in all material respects as of the date hereof (or, if made as of a specific date, as of such date); provided, that to the extent that any such representation or warranty is qualified by the term "material" or "Material Adverse Effect" such representation or warranty (as so written, including the term "material" or "Material Adverse Effect") shall have been true and correct in all respects as of the date hereof and shall be true and correct in all respects as of the Closing Date or such other date, as applicable.

3. The address of the New Subsidiary for purposes of all notices and other communications is the address designated for the Company Parties or such other address as the New Subsidiary may from time to time notify the Secured Party in writing.

4. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging means (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Agreement.

5. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

[Signature Page Follows]

IN WITNESS WHEREOF, the New Subsidiary has caused this Joinder Agreement to be duly executed by their authorized officers, and the Secured Party has caused the same to be accepted by its authorized officer, as of the day and year first above written.

[NAME OF NEW SUBSIDIARY]

By: _____
Name:
Title:

Acknowledged and accepted:

[HEALTHCARE ROYALTY PARTNERS IV], L.P.

By: _____
Name:
Title:

EXHIBIT E

SPECIAL MATURITY PAYMENT AMOUNT

"Special Maturity Payment Amount" means as of any date of payment, the sum of (A) the Investment Amount minus the aggregate of all of the payments received by the Investor Representative in respect of the Revenue Interests (including the Under Performance Payments) and (B) the amount that the Investors would need to receive to yield an internal rate of return on the Investment Amount equal to two percent (2%) determined after taking into account all of the amounts received by the Investor Representative prior to such date of payment under the Transaction Documents (other than any payments made as a reimbursement of expenses (including legal fees) incurred by the Investors and any indemnification amounts paid as reimbursement to any Investor Indemnified Party to extent such amounts were previously or contemporaneously paid to a third party in connection with any Third Party Claim) and the time at which such payments were received.

Exhibit 10.2

EXECUTION VERSION

SECURITY AGREEMENT

This SECURITY AGREEMENT, dated as of September 29, 2021 (as amended, restated, supplemented and otherwise modified from time to time, this "Security Agreement"), is by and among the parties identified as "Grantor" on the signature pages hereto and such other entities as may become "Grantor" hereunder after the date hereof (collectively, the "Grantor" and, individually, an "Individual Grantor") and HCR COLLATERAL MANAGEMENT, LLC, as agent for the Investor under the Revenue Interest Financing Agreement (each, as defined below) (in such capacity, as secured party, the "Secured Party").

RECITALS

WHEREAS, pursuant to that certain Revenue Interest Financing Agreement, dated as of September 29, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the "Revenue Interest Financing Agreement"), among SPERO THERAPEUTICS INC. (the "Company"), and the entities managed by HEALTHCARE ROYALTY MANAGEMENT, LLC listed on the signature pages thereto (collectively, together with their successors and assigns, the "Investor"), the Company desires to secure financing from the Investor, and the Investor has indicated its willingness to provide financing, upon the terms and subject to the conditions set forth therein;

WHEREAS, pursuant to the Revenue Interest Financing Agreement, the Company has also undertaken certain obligations to the Investor, including, among other things, payment of the Obligations (as defined in the Revenue Interest Financing Agreement); and

WHEREAS, pursuant to a Guaranty to be substantially in the form attached as Exhibit A hereto, (as amended, restated, supplemented or otherwise modified from time to time, the "Guaranty"), in favor of the Secured Party, each entity as may become an Individual Grantor after the date hereof (each, a "Guarantor") shall, among other things, unconditionally guarantee prompt payment of the Obligations by the Company under the Revenue Interest Financing Agreement.

NOW, THEREFORE, in consideration of the premises and to induce the Investor to enter into the Revenue Interest Financing Agreement, and for other good, fair and valuable consideration and reasonably equivalent value, the receipt and sufficiency of which are hereby acknowledged by the Grantor, the Grantor hereby agrees with the Secured Party, as follows:

1. Defined Terms.

(a) Unless otherwise defined herein, capitalized terms which are defined in the Revenue Interest Financing Agreement or the Guaranty and used herein shall have the meanings given to them in the Revenue Interest Financing Agreement or the Guaranty, as applicable. The following terms which are defined in the Code are used herein as so defined: Accounts, Certificated Security, Chattel Paper, Commercial Tort Claims, Commodity Account, Documents, Equipment, Farm Products, General Intangibles, Goods, Instruments, Inventory, Investment Property, Letter-of-Credit Rights, Payment Intangibles, Proceeds, Securities Account, Supporting Obligations and Uncertificated Security. The following terms shall have the following meanings:

"Account Control Agreement": (i) with respect to each Deposit Account, a control agreement in form and substance reasonably acceptable to the Secured Party and the Company (as amended, restated, supplemented or otherwise modified from time to time) and (ii) with respect to any Securities Account, a control agreement in form and substance reasonably acceptable to the Secured Party and the Company (as amended, restated, supplemented or otherwise modified from time to time); provided that, in each case, such control agreement shall not permit the Secured Party to exercise control over such account unless an Event of Default has occurred and is continuing.

"Assignment of Claims Act": the Assignment of Claims Act of 1940 (31 U.S.C. §3727 et seq.) and any similar foreign, state, provincial or local laws, together with all rules, regulations, interpretations and binding court decisions related thereto.

"Code": the Uniform Commercial Code as from time to time in effect in the State of New York.

"Collateral Account": The Controlled Accounts or any collateral account established by the Secured Party as provided in Section 4(d) or Section 8 of this Security Agreement.

"Company": as defined in the Recitals hereto.

"Control Agreement Completion Date": the date that is sixty (60) days following the Initial Closing Date, or such later date as the Secured Party and the Grantor may agree.

"Controlled Account": each Pledged Account that is subject to an Account Control Agreement.

"Grantor": as defined in the introductory paragraph.

"Guarantor": as defined in the Recitals hereto.

"Guaranty": as defined in the Recitals hereto.

"Incidental Rights": (a) all books and records relating to the Collateral, (b) all indemnities, guaranties or warranties relating to any type of the Collateral to the extent a security interest is permitted to be granted therein pursuant to the Code and (c) all governmental filings, permits, approvals or licenses relating to the ownership, use or occupancy of the Inventory that constitutes Collateral to the extent that (i) a security interest may be granted therein under applicable Law, (ii) the granting of a security interest therein would not result in the termination, suspension or limitation thereof or otherwise violate applicable Law and (iii) the granting of a security interest therein would not require the prior approval of or prior notice to any Governmental Authority under applicable Law, which notice or approval has not been made or obtained.

"Individual Grantor": as defined in the introductory paragraph.

"Pledged Accounts": the Collection Account (as defined in the Revenue Interest Financing Agreement).

"Receivable": any right to payment for goods sold, leased, licensed, assigned or otherwise disposed of or for services rendered, whether or not such right is evidenced by an Instrument or Chattel Paper and whether or not it has been earned by performance (including, without limitation, any Account), in each case, to the extent included in the Collateral.

"Requirement of Law": as to any Person, any Law or determination of an arbitrator or a court or other Governmental Authority, in each case, applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Revenue Interest Financing Agreement": as defined in the Recitals hereto.

"Secured Obligations": (i) the Obligations of the Company under the Revenue Interest Financing Agreement and (ii) the Guaranteed Obligations (as defined in the Guaranty) and the other obligations and liabilities of each Guarantor under the Guaranty.

"Secured Party": as defined in the introductory paragraph.

"Security Agreement": as defined in the introductory paragraph.

2. Grant of Security Interest. As collateral security for the prompt and complete payment and performance when due of the Secured Obligations, each Individual Grantor hereby grants to the Secured Party for the benefit of the Investor a security interest in all of the Collateral now owned or at any time hereafter acquired by such Individual Grantor or in which such Individual Grantor now has or at any time in the future may acquire any right, title or interest, including, to the extent included in the Collateral:

(i) all Accounts;

(ii) all Chattel Paper;

(iii) all Commercial Tort Claims described on Schedule IV hereto (as such Schedule IV may be from time to time supplemented pursuant to Section 6(g)), relating to any of the foregoing;

(iv) all Commodity Accounts;

(v) all Contracts;

(vi) all Copyrights;

(vii) all Copyright Licenses;

(viii) all Deposit Accounts;

(ix) all Documents;

(x) all Equipment;

(xi) all General Intangibles;

(xii) all Incidental Rights;

(xiii) all Instruments;

(xiv) all Inventory;

(xv) all Investment Property;

(xvi) all IP Rights not otherwise described in this Article 2;

(xvii) all Letter-of-Credit Rights;

(xviii) all Patents;

(xix) all Patent Licenses;

(xx) all Payment Intangibles;

(xxi) all Securities Accounts, and all Investment Property held therein or credited thereto;

(xxii) all Trademarks;

(xxiii) all Trademark Licenses;

(xxiv) all Goods and other property not otherwise described above;

(xxv) all books and records pertaining to any and/or all of the Collateral; and

(xxvi) to the extent not otherwise included, all Proceeds and products of any and all of the foregoing, all Supporting Obligations in respect of any of the foregoing, and all collateral security and guarantees given by any Person with respect to any of the foregoing.

3. Joint and Several Obligations of Individual Grantors.

(a) Subject to Section 3(c), each Individual Grantor is accepting joint and several liability hereunder in consideration of the financial accommodation to be provided by the Secured Party, for the mutual benefit, directly and indirectly, of each of the Individual Grantors and in consideration of the undertakings of each of the Individual Grantors to accept joint and several liability for the obligations of each of them hereunder. The parties hereto acknowledge that the defined term "Grantor" is defined to collectively include each Individual Grantor and each instance of such collective term signifies a representation, obligation, waiver or release by each Individual Grantor severally, and jointly with each other Individual Grantor. It is the intent of the parties hereto in determining whether a breach of a representation, a covenant or any other provision of this Security Agreement has occurred that any such breach, occurrence or event with respect to any Individual Grantor shall be deemed to be such a breach, occurrence or event with respect to all Individual Grantors and that all Individual Grantors need not have been involved with such breach, occurrence or event in order for the same to be deemed such a breach, occurrence or event with respect to every Individual Grantor. Each Individual Grantor agrees, however, that nothing contained in this Section 3, and no action by the Secured Party against the Grantors jointly and severally or against any one or more of them, shall in any way affect or impair the rights and obligations of such Grantors among themselves.

(b) Subject to Section 3(c), each of the Individual Grantors jointly and severally hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other Individual Grantors with respect to the payment and performance of all of the Secured Obligations, it being the intention of the parties hereto that all the Secured Obligations shall be the joint and several obligations of each of the Individual Grantors without preferences or distinction among them. Each Individual Grantor hereby jointly and severally waives presentment, demand, notice, protest and all other suretyship defenses generally and agrees that (i) any renewal, extension or postponement of the time of payment or any other indulgence, (ii) any modification, supplement or alteration of any of the obligations of any such Individual Grantor hereunder, or (iii) any substitution, exchange or release of collateral or the addition or release of any Person primarily or secondarily liable hereunder, may be effected without notice to any Individual Grantor, and without releasing any Individual Grantor from any liability hereunder or under the Guaranty.

(c) Notwithstanding any provision to the contrary contained herein, in the Revenue Interest Financing Agreement or in the Guaranty, the obligations of each Individual Guarantor under the Revenue Interest Financing Agreement, the Guaranty and the other documents relating to the Secured Obligations shall be limited to an aggregate amount equal to the largest amount that would not render such obligations subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provisions of any applicable state law.

4. Certain Matters Respecting Receivables.

(a) Grantor Remains Liable under Receivables. Anything herein to the contrary notwithstanding, the Grantor shall remain liable under the Receivables to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to each such Receivable. The Secured Party shall not have any obligation or liability under any Receivable (or any agreement giving rise thereto) by reason of or arising out of this Security Agreement or the receipt by the Secured Party of any payment relating to such Receivable pursuant hereto, nor shall the Secured Party be obligated in any manner to perform any of the obligations of the

Grantor under or pursuant to any Receivable (or any agreement giving rise thereto), to make any payment with respect thereto, to make any inquiry or keep itself apprised as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by or the financial condition of any party under any Receivable (or any agreement giving rise thereto), to present or file any claim with respect thereto, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times with respect thereto.

(b) Communication with and Notice to Receivable Obligors. The Secured Party in its own name or in the name of others may, at any time after the occurrence and during the continuance of an Event of Default, communicate with account debtors on the Receivables to verify with them to the Secured Party's satisfaction the existence, amount and terms of any Receivables. Upon the request of the Secured Party, at any time after the occurrence and during the continuance of an Event of Default, the Grantor shall notify account debtors on the Receivables that the Receivables have been assigned to the Secured Party and that payments in respect thereof shall be made directly to the Secured Party. Such notification shall be accomplished by the Grantor by:

(i) notifying the account debtor of such assignment of proceeds and giving irrevocable instructions to pay the proceeds to an account designated by the Secured Party;

(ii) causing the account debtor to send the Secured Party written confirmation that such account debtor shall pay the proceeds to such account designated by the Secured Party without offset or counterclaim; or

(iii) entering into a valid, enforceable written agreement with the account debtor relating to the assignment of proceeds, containing irrevocable payment instructions for account debtor to pay the proceeds to such account designated by the Secured Party.

At any time after the occurrence and during the continuance of an Event of Default, (a) the Secured Party, in its reasonable discretion, shall determine whether the Grantor has satisfactorily performed the notification of assignment of the proceeds, and (b) in the event the Secured Party determines that such notification has not been satisfactorily performed, the Secured Party may, upon written notice to the Grantor (unless such notice is not permitted by applicable law, in which case no such notice shall be required), give written notification of the assignment of proceeds to the account debtor, indicating the Secured Party's reliance on the account debtor to pay proceeds without offset or counterclaim to such account designated by the Secured Party. Anything in this Section 4(b) to the contrary notwithstanding, the Secured Party agrees that it will not exercise any rights provided for in this Section 4(b) unless an Event of Default has occurred and is continuing.

(c) Analysis of Receivables. At any time after the occurrence and during the continuance of a Special Termination Event, a Default or an Event of Default, the Secured Party shall have the right to make test verifications of the Receivables in any commercially reasonable manner and through any commercially reasonable medium, and the Grantor shall furnish all such assistance and information as the Secured Party may require in connection therewith. At any time after the occurrence and during the continuance of the Special Termination Event, Default or an Event of Default, upon the Secured Party's request and at the expense of the Secured Party, the Grantor shall cause independent public accountants or others reasonably satisfactory to the Secured Party to furnish to the Secured Party reports showing reconciliations, aging and test verifications of, and trial balances for, the Receivables. The rights of the Secured Party under this Section 4(c) shall be in addition to the rights that the Secured Party has under Section 3.5 of the Revenue Interest Financing Agreement.

(d) Collections on Receivables. If required by the Secured Party at any time after the occurrence and during the continuance of an Event of Default, any payments of Receivables, when collected by the Grantor, (i) shall be forthwith (and, in any event, within two (2) Business Days) deposited by the Grantor in the exact form received, duly endorsed by the Grantor to the Secured Party if required, in a Controlled Account or a special collateral account maintained by the Secured Party, subject to withdrawal by the Secured Party, as hereinafter provided, and (ii) until so turned over, shall be held by the Grantor in trust for the Secured Party, segregated from other funds of the Grantor. Each such deposit of any Proceeds constituting collections of Receivables shall be accompanied by a report identifying in reasonable detail the nature and source of the payments included in such deposit. All Proceeds constituting collections of Receivables while held by the Secured Party (or by any Individual Grantor in trust for the Secured Party) shall continue to be collateral security for all of the Secured Obligations and shall not constitute payment thereof until applied as hereinafter provided. At any time after the occurrence and during the continuance of an Event of Default, at the Secured Party's election, the Secured Party shall apply all or any part of the funds on deposit in said Collateral Account on account of the Secured Obligations in such order as the Secured Party may elect, and any part of such funds which the Secured Party elects not so to apply and deems not required as collateral security for the Secured Obligations shall be paid over from time to time by the Secured Party to the Grantor or to whomsoever may be lawfully entitled to receive the same. At the Secured Party's request, at any time after the occurrence and during the continuance of an Event of Default, the Grantor shall deliver to the Secured Party all original and other documents evidencing, and relating to, the agreements and transactions which gave rise to the Grantor's Receivables, including, without limitation, all original orders, invoices and shipping receipts. At any time after the occurrence and during the continuance of an Event of Default, upon the request of the Secured Party, the Grantor will cooperate with the Secured Party to establish a system of lockbox accounts, under the sole dominion and control of the Secured Party, into which all of the Grantor's Receivables shall be paid and from which all collected funds will be transferred to a Collateral Account.

5. Representations and Warranties. The Grantor hereby represents and warrants as of the Closing Date that:

(a) Title; Excluded Assets; No Other Liens. Except for the Liens granted to the Secured Party pursuant to this Security Agreement and Permitted Liens, and except as set forth on Schedule 4.4 of the Revenue Interest Financing Agreement, the Grantor owns each item of the Collateral pledged by it free and clear of any and all Liens or claims of others. No security agreement, financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except such as may have been filed in favor of the Secured Party pursuant to the Revenue Interest Financing Agreement or this Security Agreement or to the extent relating to Permitted Liens.

(b) Perfected First Priority Liens. When financing statements in appropriate form have been filed against each Individual Grantor listed on Schedule I in the appropriate offices in the jurisdictions listed on Schedule I which correspond to such Individual Grantor, the Liens granted pursuant to this Security Agreement will constitute perfected Liens in favor of the Secured Party in the Collateral as collateral security for the Secured Obligations, and such Liens will be, subject to Permitted Liens, prior to all other Liens on the Collateral created by such Individual Grantor and in existence on the date hereof and will be enforceable as such against (i) all creditors of such Individual Grantor, (ii) any Person purporting to purchase such Collateral from such Individual Grantor, (iii) any owner or purchaser of the real property where any of the Equipment or Inventory included in such Collateral is located and (iv) any present or future creditor obtaining a Lien on such real property.

(c) Receivables. No amount payable to the Grantor under or in connection with any Receivable is evidenced by any Instrument or Chattel Paper representing amounts in the aggregate for all Grantors exceeding $2,500,000 that has not been delivered to the Secured Party. The place at which such Grantor keeps its records concerning the Grantor's Receivables is the place specified on Schedule I.

(d) Inventory and Equipment. The Inventory and the Equipment of the Grantor included in the Collateral that have a value that, in the aggregate at any individual location, exceeds $2,500,000 (if any), are kept at the locations listed on Schedule II hereto.

(e) Chief Executive Office. Each Individual Grantor's chief executive office and chief place of business is, and for the four (4) months preceding the date hereof has been, located at the place specified for such Individual Grantor on Schedule I.

(f) Jurisdiction of Organization. Each Individual Grantor is a "registered organization", as defined in the Code, and is organized under the laws of the jurisdiction specified on Schedule I.

(g) Name. (i) The exact legal name of the Grantor is as specified on Schedule I and (ii) all previous names, assumed names or trade names under which the Grantor has done business during the past five (5) years are specified on Schedule I.

(h) Farm Products. None of the Collateral of the Grantor constitutes, or is the Proceeds of, Farm Products.

(i) Governmental Obligors. None of the account debtors on the Grantor's Receivables is a Governmental Authority.

(j) Deposit Accounts and Securities Accounts. All Pledged Accounts with respect to each Individual Grantor are listed on Schedule III, including the institution at which such Deposit Account or Securities Account is established, the purpose thereof, the name thereon, and the account number thereof. Subject to execution and delivery of an Account Control Agreement relating to each Pledged Account that exists on the date hereof by the Secured Party, the relevant Individual Grantor and the relevant bank or other institution at which such Pledged Account is established, each such Pledged Account is a Controlled Account. Except as provided in Section 3.2 of the Revenue Interest Financing Agreement, no arrangement contemplated hereby or by any Account Control Agreement in respect of any Securities Accounts or other Investment Property shall be modified by the Grantor without the prior written consent of the Secured Party. Upon the occurrence and during the continuance of an Event of Default, the Secured Party may notify any securities intermediary to liquidate the applicable Securities Accounts or any related Investment Property maintained or held thereby and remit the proceeds thereof to an account specified by the Secured Party (including any Collateral Account).

6. Covenants. The Grantor covenants and agrees with the Secured Party that, from and after the date of this Security Agreement until the Secured Obligations are paid in full:

(a) Maintenance of Perfected Security Interests; Further Documentation; Pledge of Instruments and Chattel Paper. The Grantor shall maintain the security interest created by this Security Agreement as a perfected security interest in each of the United States, the United Kingdom, France, Germany, Spain and Italy, in each case, having at least the priority described in Section 5(b) hereof and shall defend such security interest in such jurisdictions against the claims and demands of all Persons whomsoever. At any time and from time to time, upon the reasonable written request of the Secured Party and at the sole expense of the Secured Party, the Grantor will promptly and duly execute and deliver such further instruments and documents and take such further action as the Secured Party may reasonably request for the purpose of obtaining or preserving the full benefits of this Security Agreement and of the rights and

powers herein granted, including, without limitation, (i) subject to Section 6.1(b) of the Revenue Interest Financing Agreement, the filing of any financing statements, financing change statements or amendments to financing statements or continuation statements under the Code or any similar personal property security legislation in effect in any jurisdiction with respect to the Liens created hereby and (ii) in the case of Investment Property, Deposit Accounts, Letter-of-Credit Rights and any other relevant Collateral included in the Collateral, taking any reasonable actions (including, without limitation, entering into, and using its commercially reasonable efforts to cause any relevant third party to enter into, one or more Account Control Agreements) necessary to enable the Secured Party to obtain "control" (within the meaning of the Code) with respect thereto. Additionally, with respect to any Uncertificated Security included in the Collateral not otherwise credited to a Securities Account or any other uncertificated equity interests, the Grantor shall (x) effect transfer thereof to the Secured Party by registration thereof on the books and records of the issuer in the name of the Secured Party or its nominee or (y) obtain the agreement of the issuer of such Uncertificated Securities or other uncertificated equity interests that it will comply with instructions originated by the Secured Party without further consent by the registered owner, through a written agreement in form and substance reasonably satisfactory to the Secured Party. Subject to Section 6.1(b) of the Revenue Interest Financing Agreement, the Grantor also hereby authorizes the Secured Party to file any such financing statements, financing change statements or amendments to financing statements or continuation statements without the signature of the Grantor to the extent permitted by applicable law for the purpose of perfecting any security interest granted herein. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any Instrument, Chattel Paper or Certificated Security representing amounts in the aggregate for all Grantors that exceed $2,500,000, such Instrument, Chattel Paper or Certificated Security shall be promptly delivered to the Secured Party, duly endorsed in a manner satisfactory to the Secured Party, to be held as Collateral pursuant to this Security Agreement.

(b) Maintenance of Records. The Grantor will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral, including, without limitation, a record of all payments received and all credits granted with respect to the Accounts. The Grantor will mark its books and records pertaining to the Collateral to evidence this Security Agreement and the security interests granted hereby. Upon the occurrence and during the continuance of an Event of Default and at the request of the Secured Party, the Grantor shall turn over any books and records pertaining to the Collateral to the Secured Party or to its representatives during normal business hours.

(c) Right of Inspection. The Secured Party shall, following commercially reasonable notice, have full and free access during normal business hours to all the books, correspondence and records of the Grantor relating to the Collateral, and the Secured Party or its representatives may examine the same, take extracts therefrom and make photocopies thereof, and the Grantor agrees to render to the Secured Party, at the Grantor's cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto. The Secured Party and its representatives shall, following commercially reasonable notice, also have the right to enter into and upon any premises where any of the Inventory or Equipment included in the Collateral that have a value that, in the aggregate at any individual location, exceeds $2,500,000 (if any), is located for the purpose of inspecting the same, observing its use or otherwise protecting its interests therein.

(d) Compliance with Laws, etc. The Grantor will comply in all material respects with all Requirements of Law applicable to the Collateral or any part thereof or to the operation of the Grantor's business relating to the Collateral; provided, however, that the Grantor may contest any Requirement of Law in any reasonable manner which would not reasonably be expected to materially adversely affect the Secured Party's rights under this Security Agreement or the financial condition or business of the Grantor, taken as a whole, or adversely affect in any way the priority of the Secured Party's Liens on the Collateral.

(e) Payment of Obligations. The Grantor will pay promptly when due all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of its income or profits therefrom, as well as all claims of any kind (including, without limitation, claims for labor, materials and supplies) against or with respect to the Collateral, except that no such charge need be paid if (i) the validity thereof is being contested in good faith by appropriate proceedings, (ii) such proceedings do not involve any material danger of the sale, forfeiture or loss of any material portion of the Collateral or any interest therein and (iii) such charge is adequately reserved against on the Grantor's books in accordance with GAAP or is bonded to the satisfaction of the Secured Party.

(f) Control of Pledged Accounts. The Grantor agrees that, subject to Section 8(a), and subject to Section 3.2 of the Revenue Interest Financing Agreement, at no time after the Control Agreement Completion Date shall it hold any funds or any other assets included in the Collateral in any Pledged Account that is not a Controlled Account.

(g) Additional Commercial Tort Claims. If at any time an Individual Grantor has any one or more Commercial Tort Claim that constitute Collateral and that are not described on Schedule IV hereto and such Commercial Tort Claims could, individually or in the aggregate, reasonably be expected to result in settlement in such Individual Grantor's favor in excess of $1,000,000, such Individual Grantor shall as soon as reasonably practicable provide to the Secured Party a supplement to Schedule IV, describing such additional Commercial Tort Claims. Upon delivery of such supplement, Schedule IV shall be deemed modified to the extent provided in such supplement.

(h) Receivables. The amount represented by the Grantor to the Secured Party at any time as owing by each account debtor or by all account debtors in respect of the Grantor's Receivables will at such time be the correct amount actually owing by such account debtor or account debtors thereunder. With respect to Receivables or Contracts (that constitute Collateral) to which the counterparty or obligor is a Governmental Authority, the Grantor shall, as soon as reasonably practicable after the request by the Secured Party, take any commercially reasonable actions under the Assignment of Claims Act required to permit or approve the assignment of the rights to payment thereunder or thereon to the Secured Party.

(i) Maintenance of Equipment. The Grantor will maintain each item of Equipment included in the Collateral (if any) in good operating condition, ordinary wear and tear and immaterial impairments of value and damage by the elements excepted, and will provide all maintenance, service and repairs necessary for such purpose, except that the Grantor's obligations pursuant to this Section 6(i) shall not extend to obsolete Equipment or Equipment that is not material to the business of the Grantor.

(j) Further Identification of Collateral. The Grantor will furnish to the Secured Party from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Secured Party may reasonably request, all in reasonable detail.

(k) Notice of Liens. The Grantor will advise the Secured Party promptly, in reasonable detail and in accordance with Section 14 (i) of any Lien (other than Liens created hereby or Permitted Liens) on, or claim asserted against, any of the Collateral and (ii) of the occurrence of any other event which could reasonably be expected to have a material adverse effect on the Liens created hereunder.

(l) Changes in Locations, Name, etc. No Individual Grantor will (i) change the location of its jurisdiction of organization from that specified in Section 5(f) or remove its books and records concerning the Receivables from the location specified in Section 5(c), (ii) change its name, identity or corporate structure or (iii) reorganize under the laws of another jurisdiction or as a different type of entity, unless it shall have given the Secured Party at least 10 days prior written notice thereof. The Grantor will

not permit any of the Inventory or Equipment included in the Collateral that have a value that, in the aggregate at any individual location, exceeds $2,500,000, to be kept at a location other than those listed on Schedule II hereto unless it shall give the Secured Party written notice within 5 days following such Inventory or Equipment being stored at such new location..

(m) Patents, Trademarks and Copyrights.

(i) Each Individual Grantor shall from time to time execute and deliver any and all agreements, instruments, documents, and papers as the Secured Party may reasonably request (including, without limitation, one or more notices substantially in the form attached hereto as Annex A, one or more memoranda substantially in the form attached hereto as Annex B, and one or more copyright security agreements substantially in the form attached hereto as Annex C, in each case with appropriate completions) to evidence the Secured Party's security interest in any Patent Collateral, Trademark Collateral or Copyright Collateral (as each such term is defined in Annex A, Annex B and Annex C, respectively) and the goodwill and General Intangibles of the Grantor relating thereto or represented thereby, and the Grantor hereby constitutes the Secured Party its attorney-in-fact to execute and file all such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed, such power being coupled with an interest that is irrevocable until the Secured Obligations are paid in full.

(ii) Upon and during the continuance of an Event of Default and at the reasonable request of the Secured Party, the Grantor shall use its reasonable efforts to obtain all requisite consents or approvals by the licensor of each Copyright License, Patent License or Trademark License to effect the assignment of all of such Grantor's rights, title and interest thereunder to the Secured Party or its designee.

(n) Inventory. None of the Inventory of the Grantor included in the Collateral that have a value that, in the aggregate at any individual location, exceeds $2,500,000 (if any), shall be evidenced by a warehouse receipt.

(o) Capital Stock. Without the prior written consent of the Secured Party, the Grantor will not (i) vote to enable, or take any other action to permit, the issuer of any capital stock pledged hereunder to issue any stock or other equity securities of any nature or to issue any other securities convertible into or granting the right to purchase or exchange for any stock or other equity securities of such issuer, (ii) sell, assign, transfer, exchange or otherwise dispose of, or grant any option with respect to, such capital stock, (iii) create, incur or permit to exist any Lien or option in favor of, or any claim of any Person with respect to, any such capital stock, or any interest therein, except for the Liens provided for by this Security Agreement and the Revenue Interest Financing Agreement and Permitted Liens, (iv) enter into any agreement or undertaking restricting the right or ability of the Grantor or the Secured Party to sell, assign or transfer any such capital stock; or (v) take, or permit any Subsidiary to take, any other action that could reasonably be expected to have a material adverse effect on the security interest of the Secured Party in any such capital stock. Grantor shall reflect in its books and records the security interest of the Secured Party in any capital stock pledged hereunder and shall cause any Subsidiary whose capital stock is pledged hereunder to reflect the Secured Party's security interest in its books and records. If an Event of Default has occurred and is continuing, the Grantor shall, upon the request of the Secured Party, cause any Subsidiary whose capital stock is pledged hereunder to reregister such capital stock in the name of the Secured Party. Notwithstanding anything herein to the contrary, the consent of the Secured Party shall not be required in connection with the reorganization of any wholly-owned Subsidiary of the Grantor, including the merger or consolidation of two or more directly or indirectly wholly - owned Subsidiaries of Grantor, so long as the security interest of the Secured Party in the capital stock of such Subsidiary following such reorganization is reflected in Grantor's books and records.

(p) Control Acknowledgement. Each applicable Individual Grantor agrees to execute and deliver to a Pledged Subsidiary (if any) a control acknowledgment substantially in the form attached hereto as Exhibit B ("Control Acknowledgment"). Each applicable Individual Grantor shall cause each Pledged Subsidiary (if any) to acknowledge in writing its receipt and acceptance thereof and, if applicable, shall deliver a copy of such Control Acknowledgment and the receipt and acceptance thereof to the Secured Party. Such Control Acknowledgment shall instruct each Pledged Subsidiary to follow instructions from the Secured Party without any Individual Grantor's consultation or consent after the occurrence and during the continuance of an Event of Default.

7. Secured Party's Appointment as Attorney-in-Fact.

(a) Powers. Each Individual Grantor hereby irrevocably constitutes and appoints the Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Individual Grantor and in the name of such Individual Grantor or in its own name, from time to time after the occurrence and during the continuance of an Event of Default, for the purpose of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement, and, without limiting the generality of the foregoing, from time to time after the occurrence and during the continuance of an Event of Default, each Individual Grantor hereby gives the Secured Party the power and right, on behalf of such Individual Grantor, without notice to or assent by such Individual Grantor, to do the following:

(i) in the name of such Individual Grantor or its own name, or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Account, Instrument, Chattel Paper, General Intangible or with respect to any other Collateral and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Secured Party for the purpose of collecting any and all such moneys due under any Account, Instrument, Chattel Paper, General Intangible or with respect to any other Collateral whenever payable;

(ii) to pay or discharge taxes and Liens levied or placed on or threatened against the Collateral, to effect any repairs or any insurance called for by the terms of this Security Agreement and to pay all or any part of the premiums therefor and the costs thereof;

(iii) in the case of any Patent, Trademark or Copyright, to execute and deliver any and all agreements, instruments, documents and papers as the Secured Party may request to evidence the Secured Party's security interest in such Patent, Trademark or Copyright and the goodwill and general intangibles of such Individual Grantor relating thereto or represented thereby;

(iv) to execute, in connection with any sale provided for in Section 10 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(v) (A) to direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Secured Party or as the Secured Party shall direct; (B) to ask or demand for, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (C) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (D) to commence and prosecute any

suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any thereof and to enforce any other right in respect of any Collateral; (E) to defend any suit, action or proceeding brought against the Grantor with respect to any Collateral; (F) to settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, to give such discharges or releases as the Secured Party may deem appropriate; (G) to assign any Patent or Trademark (along with the goodwill of the business to which any such Trademark pertains), throughout the world for such term or terms, on such conditions, and in such manner, as the Secured Party shall in its sole discretion determine; and (H) generally, subject to any applicable approvals, rules and regulations and any applicable tariffs, to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Secured Party were the absolute owner thereof for all purposes, and to do, at the Secured Party's option and the Grantor's expense, at any time, or from time to time, all acts and things which the Secured Party deems necessary to protect, preserve or realize upon the Collateral and the Secured Party's Liens thereon and to effect the intent of this Security Agreement, all as fully and effectively as the Grantor might do.

Anything in this Section 7(a) to the contrary notwithstanding, the Secured Party agrees that it will not exercise any rights under the power of attorney provided for in this Section 7 unless an Event of Default has occurred and is continuing.

Each Individual Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and is irrevocable.

(b) No Duty on Secured Party's Part. The powers conferred on the Secured Party hereunder are solely to protect the Secured Party's interests in the Collateral and shall not impose any duty upon the Secured Party to exercise any such powers. The Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to any Individual Grantor for any act or failure to act hereunder, except for its own gross negligence, bad faith or willful misconduct.

8. Performance by Secured Party of Grantor's Obligations. If the Grantor fails to perform or comply with any of its agreements contained herein, the Secured Party, at its option, but without any obligation to do so, may itself perform or comply, or otherwise cause performance or compliance, with such agreement. The expenses of the Secured Party incurred in connection with such performance or compliance, together with interest thereon at the Wall Street Journal Prime Rate (WSJ Prime Rate) plus four percent (4%) *per annum*, shall be payable by the Grantor to the Secured Party on demand and shall constitute Secured Obligations secured hereby.

9. Proceeds.

(a) In addition to the rights of the Secured Party specified in Section 4(d) with respect to payments of Accounts and the Grantor's other obligations under this Security Agreement, it is agreed that, if and when an Event of Default has occurred and is continuing, all Proceeds included in the Collateral received by the Grantor consisting of cash, checks and other near-cash items shall be held by the Grantor in trust for the Secured Party, segregated from other funds of the Grantor, and shall, forthwith upon receipt by the Grantor, be turned over to the Secured Party in the exact form received by the Grantor (duly endorsed by the Grantor to the Secured Party, if required), and held by the Secured Party in a Collateral Account maintained under the sole dominion and control of the Secured Party. Any and all such Proceeds held by the Secured Party in a Collateral Account (or by the Grantor in trust for the Secured Party) shall continue to be held as collateral security for the Secured Obligations and shall not constitute payment thereof until applied as provided in this Section 9. Except as provided under Section 3.2 of the Revenue Interest Financing Agreement, cash or any other property held in a Controlled Account shall not be transferred to any Deposit Account, Securities Account or Commodities Account that is not a Controlled Account.

(b) At such intervals as may be agreed upon between the Secured Party and the Grantor or, if an Event of Default shall have occurred and be continuing, at any time at the Secured Party's election, the Secured Party may apply all or any part of the Proceeds constituting Collateral, whether or not held in any Collateral Account, or otherwise received by the Secured Party, against the Secured Obligations (whether matured or unmatured), such application to be in such order as the Secured Party shall elect (subject to Section 6.21 of the Revenue Interest Financing Agreement). Any balance of such Proceeds remaining after the Secured Obligations shall have been paid in full shall be paid over to the Grantor or to whomsoever may be lawfully entitled to receive the same.

10. Advances. Upon the failure of the Grantor to perform any of the covenants and agreements contained herein, in the Revenue Interest Financing Agreement or in the Guaranty after and during the occurrence of an Event of Default, the Secured Party may, at its sole option and in its sole discretion (but without any obligation to do so), perform the same and in so doing may expend such sums as the Secured Party may reasonably deem advisable in the performance thereof, including, without limitation, the payment of any insurance premiums, the payment of any taxes, a payment to obtain a release of a Lien or potential Lien, expenditures made in defending against any adverse claim and all other expenditures that the Secured Party may make for the protection of the security hereof or that it may be compelled to make by operation of law. All such sums and amounts so expended shall be reimbursed by the Grantor, on demand, on a joint and several basis promptly upon timely notice thereof and demand therefor, and shall constitute additional Secured Obligations and shall bear interest from the date said amounts are expended at the Wall Street Journal Prime Rate (WSJ Prime Rate) plus four percent (4%) *per annum.* No such performance of any covenant or agreement by the Secured Party on behalf of any Individual Grantor, and no such advance or expenditure therefor, shall relieve the Grantor of any Default or Event of Default or any obligation of the Grantor under the Revenue Interest Financing Agreement or the Guaranty. The Secured Party may make any payment hereby authorized in accordance with any bill, statement or estimate procured from the appropriate public office or holder of the claim to be discharged, without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax assessment, sale, forfeiture, tax lien, title or claim except to the extent such payment is being contested in good faith by the Grantor in appropriate proceedings and against which adequate reserves are being maintained in accordance with GAAP.

11. Remedies.

(a) If an Event of Default shall occur and be continuing, the Secured Party may exercise, in addition to all other rights and remedies granted to it in this Security Agreement, the Revenue Interest Financing Agreement and the Guaranty and in any other instrument or agreement securing, evidencing or relating to the Secured Obligations, all rights and remedies of a secured party under the Code. Without limiting the generality of the foregoing, the Secured Party, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law) to or upon any Grantor or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances transfer all or any part of the Collateral into the Secured Party's name or the name of its nominee or nominees, and/or forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Secured Party or elsewhere upon such terms and conditions (including by lease or by deferred payment arrangement) as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk and/or may take such other actions as may be available under applicable law. The Secured Party shall have the right upon any such public sale

or sales, and, to the extent permitted by law, upon any such private sale or sales, auction or closed tender, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in the Grantor, which right or equity is hereby waived or released. The Grantor further agrees, if an Event of Default shall occur and be continuing, at the Secured Party's request, to assemble the Collateral and make it available to the Secured Party at places which the Secured Party shall reasonably select, whether at the Grantor's premises or elsewhere. The Secured Party shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred therein 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 Secured Party arising out of the exercise by the Secured Party hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Secured Obligations, in such order as the Secured Party may elect (subject to Section 6.21 of the Revenue Interest Financing Agreement), and only after such application and after the payment by the Secured Party of any other amount required by any provision of law, including, without limitation, Section 9-615 of the Code, need the Secured Party account for the surplus, if any, to the Grantor. To the extent permitted by applicable law, the Grantor waives all claims, damages and demands it may acquire against the Secured Party arising out of the exercise by the Secured Party of any of its rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least ten (10) days before such sale or other disposition. The Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the Secured Obligations and the reasonable fees and disbursements of any attorneys employed by the Secured Party to collect such deficiency.

12. Grant of License to Use Patent, Trademark and Copyright Collateral. For the purpose of enabling the Secured Party to exercise rights and remedies under Section 10 hereof at such time as the Secured Party shall be lawfully entitled and permitted under this Security Agreement to exercise such rights and remedies, the Grantor hereby grants to the Secured Party an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to any Grantor) to use, license or sublicense any of the Copyrights, Patents and Trademarks now owned or hereafter acquired by the Grantor, and wherever the same may be located, including in such license reasonable access to all media in which any of the licensed items may be recorded or stored; provided, however, that the Grantor does not hereby grant any such license to the extent that such grant is prohibited by any existing or future contract, agreement, instrument or indenture related to any such Copyright, Patent or Trademark. The use of such license by the Secured Party shall be exercised, at the option of the Secured Party, for any purpose appropriate in connection with the exercise of remedies hereunder, only upon the occurrence and during the continuance of an Event of Default; provided that any license or sublicense granted to a third party or other transaction entered into by the Secured Party in accordance herewith during the continuance of an Event of Default shall be binding upon the Grantor notwithstanding any subsequent cure of an Event of Default. The Secured Party agrees to apply the net proceeds received from any license as provided in Section 8 hereof.

13. Limitation on Duties Regarding Preservation of Collateral.

(a) The Secured Party's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the Code or otherwise, shall be to deal with it in the same manner as the Secured Party deals with similar property for its own account. Neither the Secured Party nor any of its directors, officers, employees, agents or advisors shall be (i) liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so, except in the case of their own gross negligence, bad faith or willful misconduct, or (ii) under any obligation to sell or otherwise dispose of any Collateral upon the request of the Grantor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof.

(b) Anything herein to the contrary notwithstanding, the Grantor shall remain liable under each of the Receivables and Contracts (that constitute Collateral) to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with and pursuant to the terms and provisions of each such Contract. The Secured Party shall not have any obligation or liability under any Receivable or under any Contract (that constitutes Collateral), by reason of or arising out of this Security Agreement or the receipt by the Secured Party of any payment relating to such Receivable or Contract pursuant hereto, nor shall the Secured Party be obligated in any manner to perform any of the obligations of the Grantor under or pursuant to any Receivable or under or pursuant to any Contract (that constitute Collateral) to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Receivable or under any Contract (that constitutes Collateral), to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

14. Powers Coupled with an Interest. All authorizations and agencies herein contained with respect to the Collateral are irrevocable and powers coupled with an interest.

15. Notices. Notices, requests and demands to or upon the Secured Party or the Grantor hereunder shall be effected in the manner set forth in the Revenue Interest Financing Agreement (in the case of the Company), in the manner set forth in the Guaranty for the other Guarantors (in the case of the other Grantors) or in the manner set forth in the Guaranty for the Beneficiary (in the case of the Secured Party).

16. Waivers by Grantor. Each Individual Grantor waives, to the maximum extent permitted by law, demand, presentment for payment, notice of non-payment, protest, notice of protest, notice of intent to accelerate, notice of acceleration, or any other notice or formalities of any kind (except notice of the time and place of public or private sale of the Collateral and any notice specifically provided herein) to or upon the Grantor or any other Person (all and each of which are hereby expressly waived) with respect to the Secured Obligations, and waives notice of the amount of the Secured Obligations outstanding at any time.

17. Indemnification. The Grantor agrees to pay, and to save the Secured Party harmless from, any and all liabilities, costs and expenses (including, without limitation, legal fees and expenses) (i) with respect to, or resulting from, any delay in paying, any and all excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral, (ii) with respect to, or resulting from, any delay in complying with any Requirement of Law applicable to any of the Collateral or (iii) in connection with any of the transactions contemplated by this Security Agreement, in each case, except as resulting from the Secured Party's gross negligence, bad faith or willful misconduct. In any suit, proceeding or action brought by the Secured Party under any Receivable for any sum owing thereunder, or to enforce any provisions of any such Receivable, the Grantor will save, indemnify and keep the Secured Party harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction or liability whatsoever of the account debtor or obligor thereunder, arising out of a breach by the Grantor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such account debtor or obligor or its successors from the Grantor, in each case, except as resulting from the Secured Party's gross negligence, bad faith or willful misconduct. The indemnity of the Grantor pursuant to this Section 17 is independent of indemnification obligations of the Grantor pursuant to the Revenue Interest Financing Agreement or the Guaranty (but shall not result in a duplicative recovery in respect of any loss, liability, cost or expense of the Secured Party) and shall survive termination of this Security Agreement, the Revenue Interest Financing Agreement or the Guaranty, the satisfaction of the Secured Obligations or any transfer by the Secured Party of its rights hereunder pursuant to the terms hereof.

18. Joinder. At any time after the date of this Security Agreement, one or more additional Persons may become party hereto by executing and delivering to the Secured Party a Joinder Agreement. Immediately upon such execution and delivery of such Joinder Agreement (and without any further action), each such additional Person will become a party to this Security Agreement as an "Individual Grantor" and have all the rights and obligations of an Individual Grantor and the Grantor hereunder and this Security Agreement and the schedules hereto shall be deemed amended by such Joinder Agreement.

19. Termination and Release.

(a) Except as set forth in Section 17, this Security Agreement and all other security interests granted hereby shall terminate when all obligations, other than inchoate indemnification obligations, of the Grantor under the Revenue Interest Financing Agreement and the Guaranty have been performed and the Revenue Interest Financing Agreement and the Guaranty terminate in accordance with their terms.

(b) In connection with any termination or release pursuant to Section 19(a), the Secured Party shall promptly execute and deliver to each Individual Grantor, at such Individual Grantor's expense, all UCC termination statements and similar documents that such Individual Grantor shall reasonably request to evidence such termination or release, and will duly assign and transfer to such Individual Grantor, such of the Collateral that may be in the possession of the Secured Party and has not theretofore been sold or otherwise applied or released pursuant to this Security Agreement. Any execution and delivery of documents pursuant to this Section 18 shall be without recourse to or representation or warranty by the Secured Party.

20. Severability. If one or more provisions of this Security Agreement are held to be invalid, illegal or unenforceable by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision of this Security Agreement, which shall remain in full force and effect, and each of the Individual Grantors and the Secured Party shall replace such invalid, illegal or unenforceable provision with a new provision permitted by Applicable Law and having an economic effect as close as possible to the invalid, illegal or unenforceable provision. Any provision of this Security Agreement held invalid, illegal or unenforceable only in part or degree by a court of competent jurisdiction shall remain in full force and effect to the extent not held invalid, illegal or unenforceable.

21. Paragraph Headings. The headings of the sections of this Security Agreement have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

22. Amendments; No Waivers. Neither this Security Agreement nor any term or provision hereof may be amended, supplemented, restated, waived, changed or modified except with the written consent of the Secured Party and each Individual Grantor. No failure or delay by the Secured Party or any Individual Grantor in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. No notice to or demand on the Secured Party or any Individual Grantor in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver or approval hereunder shall, except as may otherwise be stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval hereunder shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Applicable Law.

23. Successors and Assigns. Each party also agrees and acknowledges that, notwithstanding anything to the contrary in the Revenue Interest Financing Agreement, HCR Collateral Management, LLC will be the Secured Party for the benefit of the Investor hereunder. This Security Agreement shall be binding upon the successors and assigns of each Individual Grantor and shall inure to the benefit of the Secured Party (for the benefit of the Investor) and its respective successors and assigns. Each Individual Grantor hereby agrees and acknowledges that the rights and obligations of the Secured Party or the Investor Representative under this Security Agreement and the Revenue Interest Financing Agreement, respectively, may be assigned to any Person as an agent of the Investor without the consent of any Individual Grantor in connection with any assignment of the Investor's rights and obligations under the Revenue Interest Financing Agreement in accordance with Section 12.4 thereof.

24. Governing Law. THIS SECURITY AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL SUBSTANTIVE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO THE RULES THEREOF RELATING TO CONFLICTS OF LAW OR CHOICE OF FORUM OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

25. Submission to Jurisdiction; Waivers.

(a) Each of the Individual Grantors and the Secured Party hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Security Agreement, or for recognition or enforcement of any judgment, and each of the Individual Grantors and the Secured Party hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by Applicable Law, in such federal court. Each of the Individual Grantors and the Secured Party hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Applicable Law.

(b) Each of the Individual Grantors and the Secured Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Security Agreement in any court referred to in Section 25(a). Each of the Individual Grantors and the Secured Party hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each of the Individual Grantors and the Secured Party irrevocably consents to service of process in the manner provided for notices in Section 15. Nothing in this Security Agreement will affect the right of any party hereto to serve process in any other manner permitted by Applicable Law. Each of the Individual Grantors and the Secured Party waives personal service of any summons, complaint or other process, which may be made by any other means permitted by New York law. agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

26. WAIVER OF JURY. EACH INDIVIDUAL GRANTOR AND THE SECURED PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTIES HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE OTHER PARTIES HERETO WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS SECURITY AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 26.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each Individual Grantor and the Secured Party have caused this Security Agreement to be duly executed and delivered as of the date first above written.

SPERO THERAPEUTICS, INC.

By: /s/ Sath Shukla
Name: Sath Shukla
Title: Chief Financial Officer

[SPERO SUBSIDIARY]

By: _____
Name:
Title:

[SPERO SUBSIDIARY]

By: _____
Name:
Title:

[*Signature Pages Continue*]

[Signature Page to the Security Agreement]

HCR COLLATERAL MANAGEMENT, LLC,
as agent for the Investor

By: /s/ Clarke B. Futch
Name: Clarke B. Futch
Title: Chairman & Chief Executive Officer

[Signature Page to the Security Agreement]

Schedule I

NAME, FORM OF ORGANIZATION AND LOCATION OF GRANTOR[1]

Spero Therapeutics, Inc.

Chief Executive Office/Chief Place of Business: 87 Massachusetts Avenue, 14th Floor, Cambridge, Massachusetts 02142
Jurisdiction of Organization: Delaware
Legal name: Spero Therapeutics, Inc.
Previous names, assumed names and trade names during past 5 years:[•]
Lien Jurisdiction: [•]
Location of records regarding Receivables: [•]

[Spero Subsidiary]

Chief Executive Office/Chief Place of Business: [•]
Jurisdiction of Organization: [•]
Legal name and all previous names: [•]
Previous names, assumed names and trade names during past 5 years:[•]
Lien Jurisdiction: [•]
Location of records regarding Receivables: [•]

[Spero Subsidiary]

Chief Executive Office/Chief Place of Business: [•]
Jurisdiction of Organization: [•]
Legal name and all previous names: [•]
Previous names, assumed names and trade names during past 5 years:[•]
Lien Jurisdiction: [•]
Location of records regarding Receivables: [•]

1 Spero to provide.

Schedule II

INVENTORY AND EQUIPMENT

[COMPANY TO PROVIDE, IF APPLICABLE]

Schedule III

DEPOSIT ACCOUNTS AND SECURITIES ACCOUNTS

Account	Institution	Purpose	Account Name	Account Number
Collection Account	To be completed upon establishment	Collection Account for holding 12% of each payment in accordance with Royalty Interest Financing Agreement (subject to the provisions of Section 3.2 of the Revenue Interest Financing Agreement)	To be completed upon establishment	To be completed upon establishment

Schedule IV

COMMERCIAL TORT CLAIMS

[ ][2]

2 Spero to provide.

ANNEX A

FORM OF
NOTICE OF SECURITY INTEREST IN PATENTS

United States Department of Commerce
Commissioner of Patents and Trademarks
Box Assignments
Washington, D.C. 20231

Ladies and Gentlemen:

Pursuant to that certain Security Agreement, dated as of September 29, 2021 (as amended, supplemented or otherwise modified from time to time, the "Security Agreement"), among SPERO THERAPEUTICS, INC., the other entities identified as "Grantor" on the signature pages thereto and HEALTHCARE ROYALTY MANAGEMENT, LLC, as agent for the Investor under the Revenue Interest Financing Agreement (each, as defined in the Security Agreement) (in such capacity, the "Secured Party"), [NAME OF INDIVIDUAL GRANTOR] (the "Assignor") has granted to the Secured Party (the "Assignee") a continuing security interest in, and a continuing lien upon, the Patents listed on Schedule A hereto (the "Patent Collateral"). The Assignee's security interest in the Patent Collateral can only be terminated in accordance with the terms of the Security Agreement.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Security Agreement.

Dated: _____

Very truly yours,

[NAME OF INDIVIDUAL GRANTOR]

By: _____
Name:
Title:

ACKNOWLEDGED BY:

[NAME OF SECURED PARTY],
as Assignee

By: _____
Name:
Title:

Schedule A[3]

Docket No.	Ctry.	Application Status	Application No.	Filing Date	Publication No.	Publication Date	Patent No.	Patent Date

FAMILY 1: [•]

[chemical diagram]
[•]

ANTICIPATED EXPIRATION DATE: The anticipated expiration date of the patents that may issue from each pending application below is [•]. This date is prior to any adjustments or extensions.

SCHEDULED EXPIRATION DATE: The scheduled expiration date for each of the patents listed below is [•] with the exception of U.S. Patent No. [•] that expires on [•] due to the award of Patent Term Adjustment under 35 U.S.C. § 154(b).

INVENTORS: [•]

The Following Unpublished United States Provisional Applications:

U.S. Provisional Application No. [•], Filed on [•];
U.S. Provisional Application No. [•], Filed on [•];
U.S. Provisional Application No. [•], Filed on [•]; and
U.S. Provisional Application No. [•], Filed on [•].

[3] To be completed by Individual Grantor.

ANNEX B

FORM OF
MEMORANDUM OF SECURITY INTEREST IN TRADEMARKS

United States Department of Commerce
Commissioner of Patents and Trademarks
Box Assignments
Washington, D.C. 20231

Ladies and Gentlemen:

Pursuant to that certain Security Agreement, dated as of September 29, 2021 (as amended, supplemented or otherwise modified from time to time, the "Security Agreement"), among SPERO THERAPEUTICS, INC., the other entities identified as "Grantor" on the signature pages thereto and HEALTHCARE ROYALTY MANAGEMENT, LLC, as agent for the Investor under the Revenue Interest Financing Agreement (each, as defined in the Security Agreement) (in such capacity, the "Secured Party"), [NAME OF INDIVIDUAL GRANTOR] (the "Assignor") has granted to HEALTHCARE ROYALTY MANAGEMENT, LLC (the "Assignee") a continuing security interest in, and a continuing lien upon, the Trademarks listed in Schedule A hereto (the "Trademark Collateral"), together with the goodwill of the business connected with the use of and symbolized by the Trademark Collateral. The Assignee's security interest in the Trademark Collateral can only be terminated in accordance with the terms of the Security Agreement.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Security Agreement.

Dated: _____

Very truly yours,

[NAME OF INDIVIDUAL GRANTOR]

By: _____
Name:
Title:

ACKNOWLEDGED BY:

[NAME OF SECURED PARTY],
as Assignee

By: _____
Name:
Title:

Schedule A[4]

Docket No.	Country	Mark	Status	Application #/ Registration #	Filing Date	Registration Date

4 To be completed by Individual Grantor

FORM OF
COPYRIGHT SECURITY AGREEMENT – SHORT FORM

COPYRIGHT SECURITY AGREEMENT, dated as of September [•], 2021 (this "Copyright Security Agreement"), made by [NAME OF INDIVIDUAL GRANTOR] (the "Grantor"), in favor of HCR COLLATERAL MANAGEMENT, LLC, as agent for the Investor (together with any successor thereto, the "Grantee"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Security Agreement (as defined below).

WHEREAS, [the Grantor is justly indebted, liable and obligated to the Grantee pursuant to that certain Revenue Interest Financing Agreement, dated as of September 29, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the "Revenue Interest Financing Agreement"), among the Grantor and the entities managed by HEALTHCARE ROYALTY MANAGEMENT, LLC listed on the signature pages thereto (collectively, together with their respective successors and assigns, the "Investor"), pursuant to which, among other things, the Grantor obtained a financing from the Investor and undertook certain obligations to the Investor][the Grantor is justly indebted, liable and obligated to the Investor pursuant to that certain Guaranty, dated as of [•] (as amended, supplemented or otherwise modified from time to time), made by the Grantor in favor of the Investor, pursuant to which the Grantor guaranteed certain obligations of SPERO THERAPEUTICS, INC. (the "Company") under that certain Revenue Interest Financing Agreement, dated as of September 29, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the "Revenue Interest Financing Agreement"), among the Company and the entities managed by HEALTHCARE ROYALTY MANAGEMENT, LLC listed on the signature pages thereto (collectively, together with their respective successors and assigns, the "Investor"); and

WHEREAS, the Grantor and the Grantee and other parties entered into that certain Security Agreement, dated as of September 29, 2021 (as amended, supplemented or otherwise modified from time to time, the "Security Agreement"), among [SPERO THERAPEUTICS, INC.][the Company], the other entities identified as "Grantor" on the signature pages thereto and the Grantee, pursuant to which the Grantor has granted to the Grantee a lien on and security interest in, *inter alia*, all of the Grantor's rights, title, and interest in and to all Copyrights and Copyright Licenses that constitute Collateral (as each such term is defined in the Security Agreement) of the Grantor, whether then owned or thereafter acquired or created by the Grantor (the "Copyright Collateral") and the goodwill of the business symbolized thereby;

WHEREAS, the Grantor has agreed to give this Copyright Security Agreement as security for the Copyright Collateral and has authorized and directed the execution and delivery hereof; and

WHEREAS, the parties desire to record the Grantor's grant of the security interest in the Copyright Collateral to the Grantee with the United States Copyright Office.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor hereby agrees with the Grantee as follows:

The Revenue Interest Financing Agreement and the Security Agreement and their terms and provisions are incorporated herein in their entirety.

The Grantor grants to the Grantee a lien on and security interest in all of its right, title, and interest in and to the Copyright Collateral and the goodwill of the business symbolized by the Copyright Collateral.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Grantor has caused this Copyright Security Agreement to be duly executed and delivered by its officer thereunto duly authorized, as of the date first written above.

[NAME OF INDIVIDUAL GRANTOR]

By: _____
Name:
Title:

EXHIBIT A

FORM OF GUARANTY

This GUARANTY, dated as of [__] (as amended, restated, supplemented or otherwise modified from time to time, this "Guaranty"), by [GUARANTOR] and [GUARANTOR] (each, individually, a "Guarantor" and, collectively, the "Guarantors") in favor of HCR COLLATERAL MANAGEMENT, LLC, for the benefit of the Investors (as defined below) (collectively, the "Beneficiary"). Capitalized terms used herein but not defined herein have the respective meanings ascribed to them in the Revenue Interest Financing Agreement, dated as of September 29, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the "Revenue Interest Financing Agreement"), among SPERO THERAPEUTICS, INC., a Delaware corporation (the "Company"), and the entities managed by HEALTHCARE ROYALTY MANAGEMENT, LLC identified on the signature pages thereto (the "Investors").

WHEREAS, each Guarantor is a Subsidiary of the Company; and

WHEREAS, each Guarantor proposes hereby to guarantee certain payment and performance obligations of the Company under the Revenue Interest Financing Agreement, on the terms and conditions set forth herein.

NOW, THEREFORE, each Guarantor hereby jointly and severally represents and warrants to, and covenants with, the Beneficiary, as follows:

1. Representations and Warranties. Each Guarantor hereby jointly and severally represents and warrants as of the date hereof as follows:

(a) Such Guarantor is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, organization or formation and has all powers and authority, and all licenses, permits, franchises, authorizations, consents and approvals of all Governmental Authorities, required to own its property and conduct its business as now conducted. Such Guarantor is duly qualified to transact business and is in good standing in every jurisdiction in which such qualification or good standing is required by Applicable Law (except where the failure to be so qualified or in good standing would not result in a Material Adverse Effect).

(b) Such Guarantor has all powers and authority to execute and deliver, and perform its obligations under, the Transaction Documents to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of each of the Transaction Documents to which such Guarantor is party and the performance by such Guarantor of its obligations hereunder and thereunder have been duly authorized by such Guarantor. Each of the Transaction Documents to which such Guarantor is party has been duly executed and delivered by such Guarantor. Each of the Transaction Documents to which such Guarantor is party constitutes the legal, valid and binding obligation of such Guarantor, enforceable against such Guarantor in accordance with its respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar Applicable Laws affecting creditors' rights generally, general equitable principles and principles of public policy.

(c) The execution and delivery by such Guarantor of the Transaction Documents to which such Guarantor is party, the performance by such Guarantor of its obligations hereunder and thereunder and the consummation of any of the transactions contemplated hereunder and thereunder do not require any consent, approval, license, order, authorization or declaration from, notice to, action or registration by or filing with any Governmental Authority or any other Person, except for applicable filings under U.S. securities laws, the filing of UCC financing statements and those previously obtained or made or to be obtained or made on the Closing Date.

(d) Assuming consummation of the transactions contemplated by the Transaction Documents, (i) the present fair saleable value of such Guarantor's assets is greater than the amount required to pay its debts as they become due and (ii) such Guarantor has not incurred, will not incur, nor does it have present plans or intentions to incur, debts or liabilities beyond its ability to pay such debts or liabilities as they become absolute and matured.

(e) None of the execution and delivery by such Guarantor of any of the Transaction Documents to which such Guarantor is party, the performance by such Guarantor of the obligations contemplated hereby or thereby or the consummation of the transactions contemplated hereby or thereby will: (i) contravene, conflict with, result in a breach, violation, cancellation or termination of, constitute a default (with or without notice or lapse of time, or both) under, require prepayment under, give any Person the right to exercise any remedy (including termination, cancellation or acceleration) or obtain any additional rights under, or accelerate the maturity or performance of or payment under, in any respect, (A) any Applicable Law or any judgment, order, writ, decree, permit or license of any Governmental Authority to which such Guarantor or any of its assets or properties may be subject or bound, (B) any term or provision of any contract, agreement, indenture, lease, license, deed, commitment, obligation or instrument to which such Guarantor is a party or by which such Guarantor or any of its assets or properties is bound or committed or (C) any term or provision of any of the organizational documents of such Guarantor, except in the case of clause (A) or (B) where any such event would not result in a Material Adverse Effect; or (ii) except as provided in any of the Transaction Documents to which it is a party, result in or require the creation or imposition of any Lien on the Collateral (other than Permitted Liens).

(f) The representations and warranties set forth in Article IV of the Revenue Interest Financing Agreement are hereby made herein by each Guarantor as though set forth herein in full, to the extent such representations and warranties are applicable to such Guarantor.

2. Guaranty.

(a) Each Guarantor hereby absolutely, unconditionally and irrevocably guarantees to the Beneficiary (and its successors and assigns), as primary obligor and not merely as surety, the due and punctual payment as and when due of all of the Obligations of the Company under the Revenue Interest Financing Agreement (collectively, the "Guaranteed Obligations"). Without limiting the generality of the foregoing, each Guarantor's liability shall extend to all obligations and payments that constitute part of the Guaranteed Obligations and would be owed by the Company under the Transaction Agreements but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving

the Company. Each Guarantor irrevocably and unconditionally agrees to indemnify each of the Investor and its Affiliates and any and all of their respective partners, directors, managers, members, officers, employees, agents and controlling persons (each, an "Indemnified Party") against any Losses incurred by the Investor as a result of or relating to (i) any Guaranteed Obligation being or becoming void, voidable or unenforceable as against the Company for any reason whatsoever or (ii) the Beneficiary enforcing any rights under this Guaranty, in each case, to the extent such claim is adequately established hereunder or thereunder. The aggregate amount of the Losses with respect to the foregoing clause (i) shall be equal to the aggregate amount that the Beneficiary would otherwise have been entitled to recover from the Company. The indemnity of the Guarantors pursuant to this Section 2 is independent of indemnification obligations of the Guarantors pursuant to the Revenue Interest Financing Agreement or the Security Agreement (but shall not result in a duplicative recovery in respect of any loss, liability, cost or expense of any Indemnified Party). Notwithstanding any other provision of this Guaranty to the contrary, nothing contained herein shall in any way supersede, modify, expand or in any way affect the provisions, including warranties, covenants, agreements, conditions, representations, or any of the obligations of the Company or the Guarantors set forth in the Revenue Interest Financing Agreement, except with respect to any costs incurred by the Beneficiary in connection with the enforcement hereof or collection hereunder.

(b) Subject to Section 2(d), each Guarantor is accepting joint and several liability hereunder in consideration of the financial accommodation to be provided by the Beneficiary, for the mutual benefit, directly and indirectly, of each of the Guarantors and in consideration of the undertakings of each of the Guarantors to accept joint and several liability for the obligations of each of them hereunder. It is the intent of the parties hereto in determining whether a breach of a representation, a covenant or any other provision of this Guaranty has occurred that any such breach, occurrence or event with respect to any Guarantor shall be deemed to be such a breach, occurrence or event with respect to all Guarantors and that all Guarantors need not have been involved with such breach, occurrence or event in order for the same to be deemed such a breach, occurrence or event with respect to every Guarantor. Each Guarantor agrees, however, that nothing contained in this Section 2, and no action by the Beneficiary against the Guarantors jointly and severally or against any one or more of them, shall in any way affect or impair the rights and obligations of such Guarantors among themselves.

(c) Subject to Section 2(d), each of the Guarantors jointly and severally hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other Guarantors with respect to the payment and performance of all of the Guaranteed Obligations and the other obligations of the other Guarantors hereunder, it being the intention of the parties hereto that all the Guaranteed Obligations and the other obligations of the Guarantors hereunder shall be the joint and several obligations of each of the Guarantors without preferences or distinction among them. Each Guarantor hereby jointly and severally waives presentment for payment, demand, notice, protest and all other suretyship defenses generally and agrees that (i) any renewal, extension or postponement of the time of payment or any other indulgence, (ii) any modification, supplement or alteration of any of the obligations of any such Guarantor hereunder, or (iii) any substitution, exchange or release of collateral or the addition or release of any Person primarily or secondarily liable hereunder, may be effected without notice to any Guarantor, and without releasing any Guarantor from any liability hereunder or under the Guaranty.

(d) Notwithstanding any provision to the contrary contained herein in the Revenue Interest Financing Agreement or the Guaranty, the obligations of each Guarantor under the Revenue Interest Financing Agreement, the Guaranty and the other documents shall be limited to an aggregate amount equal to the largest amount that would not render such obligations subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provisions of any applicable state law.

3. Guaranty Absolute. Each Guarantor guarantees that the Guaranteed Obligations will be performed and paid strictly in accordance with the terms of the Transaction Documents, regardless of any law or regulation now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Beneficiary, such Guarantor or the Company with respect thereto. The obligations of each Guarantor under this Guaranty are independent of the Guaranteed Obligations, and a separate action or actions may be brought and prosecuted against such Guarantor to enforce this Guaranty, irrespective of whether any action is brought against the Company or any of the other Guarantors or whether the Company or any of the other Guarantors is joined in any such action or actions. The liability of each Guarantor under this Guaranty shall be absolute and unconditional irrespective of:

(i) any lack of validity or enforceability of the Transaction Documents or any term thereof or any other agreement or instrument relating thereto;

(ii) any change, restructuring or termination of the corporate structure or existence of the Company or any Guarantor; or

(iii) any insolvency, bankruptcy, reorganization or other similar proceedings affecting the Company or its assets or any resulting release or discharge of any of the Guaranteed Obligations.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by the Beneficiary upon the insolvency, bankruptcy or reorganization of the Company or otherwise, all as though such payment had not been made at such time.

4. Waiver. Each Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Guaranteed Obligations and this Guaranty and any requirement that the Beneficiary exhaust any right or take any action against the Company or any other person or entity or any collateral. Each Guarantor waives any and all defenses, claims, and discharges of the Company and any other circumstances which might otherwise constitute a defense available to, or a legal or equitable discharge of, the Company or of any other obligor or such Guarantor, pertaining to the Guaranteed Obligations, except the defense of discharge by payment. Without limiting the generality of the foregoing, with respect to the Guaranteed Obligations, no Guarantor will assert, plead or enforce (i) against the Beneficiary any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, or unenforceability which may be available to the Company or any other person liable in respect of any of the Guaranteed Obligations or (ii) against the Beneficiary or any other Indemnified Party any set-off available to the Company or any such other person, whether or not on account of a related transaction.

5. Immediate Recourse. This is a guaranty of payment and performance, not collection. The obligations of each Guarantor hereunder are absolute, present and continuing obligations that are not conditional upon the institution of suit, or the exercise of any remedies, against the Company, or any attempt to foreclose or realize upon any security for obligations of the Company or the taking of any other action with respect to the Company.

6. Subrogation. If any amount shall be paid to any Guarantor on account of subrogation rights derived from such Guarantor's performance hereunder at any time prior to the later of the payment in full of the Guaranteed Obligations and all other amounts payable under this Guaranty, such amount shall be held in trust for the benefit of the Beneficiary and shall forthwith be paid to the Beneficiary to be credited and applied upon the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms of the Transaction Documents or to be held by the Beneficiary as collateral security for any Guaranteed Obligations thereafter existing. So long as any Guaranteed Obligations are outstanding, no Guarantor shall exercise any claim or right of subrogation it may have or obtain resulting from any performance hereunder by any Guarantor.

7. Nature of Obligations. The obligations of any Guarantor under this Guaranty shall not be subject to any counterclaim, setoff, deduction or defense any Guarantor or any of its Affiliates may have against the Beneficiary, any other Indemnified Party, the Company or any other person or entity, and are not satisfied, discharged or affected by an intermediate payment or settlement of account by, or a change in the constitution or control of, a direct or indirect sale, transfer, assignment or other disposition of any shares or other equity interests by, a sale of assets by, or merger or consolidation with any other person or entity of, or the insolvency of, or bankruptcy, winding up or analogous proceedings relating to, any Guarantor or any of its Affiliates. No Guarantor's liabilities under this Guaranty are affected by any arrangement that the Beneficiary or any other Indemnified Party may make with any Affiliate of any Guarantor or with another person or entity that (but for this Section 7) might operate to diminish or discharge the liability of or otherwise provide a defense to a surety other than any defenses that may be available to the Company under any of the Transaction Documents.

8. Joinder. At any time after the date of this Guaranty, one or more additional Persons may become party hereto by executing and delivering a Joinder Agreement to the Beneficiary. Immediately upon such execution and delivery of such Joinder Agreement (and without any further action), each such additional Person will become a party to this Guaranty as a "Guarantor" and have all the rights and obligations of a Guarantor hereunder and this Guaranty and the schedules hereto shall be deemed amended by such Joinder Agreement.

9. Amendments, Etc. No amendment or waiver of any provision of this Guaranty, and no consent to any departure by any Guarantor herefrom, shall in any event be effective unless the same shall be in writing and signed by each Guarantor and the Beneficiary, and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

10. Addresses for Notices. All payment demands, notices, communications, requests, instructions, correspondence, waivers, consents or other communications to be given hereunder, shall be in writing and delivered personally, sent by overnight courier, mailed by certified mail, postage prepaid and return receipt requested, or by email or facsimile to the address or receipt point as follows:

If to the Guarantors:

c/o Spero Therapeutics, Inc.
675 Massachusetts Avenue, 14th Floor
Cambridge, Massachusetts 02139
Attn: Tamara Joseph; Sath Shukla

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

Gibson, Dunn & Crutcher LLP
555 Mission Street
San Francisco, CA 94105
Attn: Ryan A. Murr; Todd J. Trattner

If to the Beneficiary:

HCR Collateral Management, LLC
300 Atlantic Street, Suite 600
Stamford, CT 06901
Attention: John A. Urquhart

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

HealthCare Royalty Management, LLC
300 Atlantic Street, Suite 600
Stamford, CT 06901
Attention: Chief Legal Officer

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

Cadwalader, Wickersham & Taft LLP
One World Financial Center
New York, New York 10281
Attn: Ira J. Schacter

9. No Waiver; Remedies. No failure or delay by the Beneficiary in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

10. No Third Party Beneficiaries. This Guaranty is for the sole benefit of the Beneficiary and its successors and transferees and assigns and nothing in this Guaranty, express or implied, is intended to or shall confer on any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Guaranty. The Beneficiary shall enforce any legal or equitable right, remedy or claim under or with respect to this Guaranty for the benefit of the Indemnified Parties.

11. Miscellaneous. This Guaranty is a continuing guaranty and shall (i) remain in full force and effect until the payment or satisfaction in full of the Guaranteed Obligations and the payment in full of all other amounts payable under this Guaranty; (ii) be binding upon each Guarantor, its successors and permitted assigns; and (iii) inure to the benefit of, and be enforceable by, the Beneficiary and its successors and transferees and assigns. Without limiting the generality of the foregoing clause (iii), the Beneficiary may assign its obligations and rights under this Guaranty in connection with any assignment of the Beneficiary's rights and obligations under the Revenue Interest Financing Agreement in accordance with Section [12.4] thereof, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to the Beneficiary or otherwise.

12. Governing Law; Waiver of Jury Trial; Etc. THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL SUBSTANTIVE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO THE RULES THEREOF RELATING TO CONFLICTS OF LAW OR CHOICE OF FORUM OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

EACH OF THE GUARANTORS AND, BY ITS ACCEPTANCE OF THIS GUARANTY, THE BENEFICIARY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTY, OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH OF THE GUARANTORS AND, BY ITS ACCEPTANCE OF THIS GUARANTY, THE BENEFICIARY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HERETO OR THE BENEFICIARY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT THE PARTIES HERETO AND THE BENEFICIARY HAVE BEEN INDUCED TO ENTER INTO THIS GUARANTY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 12.

13. Venue; Jurisdiction. Each of the Guarantors and, by its acceptance of this Guaranty, the Beneficiary irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Guaranty, or for recognition or enforcement of any judgment, and each of the Guarantors and, by its acceptance of this Guaranty, the Beneficiary hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by Applicable Law, in such federal court. Each of the Guarantors and, by its acceptance of this Guaranty, the Beneficiary hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Applicable Law.

14. Severability. If one or more provisions of this Guaranty are held to be invalid, illegal or unenforceable by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision of this Guaranty, which shall remain in full force and effect, and each of the Guarantors and, by its acceptance of this Guaranty, the Beneficiary hereby agree to replace such invalid, illegal or unenforceable provision with a new provision permitted by Applicable Law and having an economic effect as close as possible to the invalid, illegal or unenforceable provision. Any provision of this Guaranty held invalid, illegal or unenforceable only in part or degree by a court of competent jurisdiction shall remain in full force and effect to the extent not held invalid, illegal or unenforceable.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, each Guarantor has caused this Guaranty to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

[**SPERO SUBSIDIARY**]

By: _____
Name:
Title:

[**SPERO SUBSIDIARY**]

By: _____
Name:
Title:

EXHIBIT B

CONTROL ACKNOWLEDGMENT

PLEDGED SUBSIDIARY:
[NAME]

EQUITY INTEREST OWNER:
[NAME]

Reference is hereby made to that certain Security Agreement, dated as of September 29, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the "Security Agreement"), among SPERO THERAPEUTICS, INC. (the "Pledgor"), the other entities identified as "Grantor" on the signature pages thereto and such other parties as may become "Grantor" hereunder after the date hereof and HCR COLLATERAL MANAGEMENT, LLC, as agent for the Investor under the Revenue Interest Financing Agreement (each, as defined in the Security Agreement) (in such capacity, the "Secured Party"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Security Agreement.

Pledged Subsidiary is hereby instructed by the Pledgor that all of the Pledgor's right, title and interest in and to all of the Pledgor's rights in all of the equity interests in Pledged Subsidiary now and hereafter owned by the Pledgor (the "Pledged Collateral") are subject to a pledge and security interest in favor of the Secured Party. The Pledgor hereby instructs the Pledged Subsidiary to act upon any instruction delivered to it by the Secured Party with respect to the Pledged Collateral without seeking further instruction from the Pledgor and, by its execution hereof, the Pledged Subsidiary agrees to do so.

Pledged Subsidiary, by its written acknowledgement and acceptance hereof, hereby acknowledges receipt of a copy of the Security Agreement and agrees promptly to note on its books the security interest granted under the Security Agreement. Pledged Subsidiary also waives any rights or requirements at any time hereafter to receive a copy of the Security Agreement in connection with the registration of any Pledged Collateral in the name of the Secured Party or its nominee or the exercise of voting rights by the Secured Party or its nominee.

[The remainder of this page is intentionally blank.]

IN WITNESS WHEREOF, the parties hereto have caused this document to be duly executed as of the date first above written.

PLEDGOR:

SPERO THERAPEUTICS, INC.

By: _____
Name:
Title:

SECURED PARTY:

HCR COLLATERAL MANAGEMENT, LLC

By: _____
Name:
Title:

ACKNOWLEDGED AND ACCEPTED BY:

[PLEDGED SUBSIDIARY]

By: _____
Name:
Title:

Exhibit B