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

February 11, 2009
Date of Report (Date of earliest event reported)

PRO-PHARMACEUTICALS, INC.
(Exact Name of Registrant as Specified in Charter)

NEVADA	**000-32877**	**04-3562325**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

7 WELLS AVENUE
NEWTON, MASSACHUSETTS
02459
(Address of Principal Executive Offices) (Zip Code)

(617) 559-0033
(Registrant's telephone number, including area code)

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 (*see* General Instruction A.2. below):

☐ 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))

Item 1.01. Entry into a Material Definitive Agreement.

Securities Purchase Agreement

On February 12, 2009, Pro-Pharmaceuticals, Inc., a Nevada corporation (the "Company") entered into a Securities Purchase Agreement (the "Purchase Agreement") with 10X Fund, L.P., a Delaware limited partnership ("Purchaser"). Pursuant to the Purchase Agreement, the Company has agreed to issue and sell to Purchaser, and Purchaser has agreed to purchase from the Company, at two or more closings, (i) 3,000,000 shares of the Company's Series B Convertible Preferred Stock (the "Series B Preferred Stock") with an aggregate stated value of $6.0 million (the "Maximum Amount") and convertible into 12,000,000 shares of the Company's common stock, par value $0.001 per share ("Common Stock") and (ii) warrants to purchase 36,000,000 shares of Common Stock. The terms and conditions of the Series B Preferred Stock are more fully described below under "Terms of the Series B Preferred Stock". The terms and conditions of the warrants are more fully described below under "Terms of the Common Stock Purchase Warrants".

On February 12, 2009, the initial closing date under the Purchase Agreement, the Company issued and sold to Purchaser: (i) 900,000 shares of Series B-1 Preferred Stock (the "Series B-1 Preferred Stock") convertible into 3,600,000 shares of Common Stock; (ii) Class A-1 Warrants exercisable to purchase 1,800,000 shares of Common Stock (the "Class-A-1 Warrants"); (iii) Class A-2 Warrants exercisable to purchase 1,800,000 shares of Common Stock (the "Class A-2 Warrants"); and (iv) Class B Warrants exercisable to purchase 7,200,000 shares of Common Stock (the "Class B Warrants") for an aggregate purchase price of $1.8 million (less the fees and expenses described below).

At one or more subsequent closings under the Purchase Agreement, the Company has agreed to issue and sell to Purchaser, and Purchaser has agreed to purchase: (i) up to 2,100,000 shares of Series B-2 Preferred Stock (the "Series B-2 Preferred Stock") convertible into 8,400,000 shares of Common Stock; (ii) Class A-1 Warrants exercisable to purchase up to 4,200,000 shares of Common Stock; (iii) Class A-2 Warrants exercisable to purchase up to 4,200,000 shares of Common Stock; and (iv) Class B Warrants exercisable to purchase up to 16,800,000 shares of Common Stock for an aggregate purchase price of up to $4.2 million (less fees and expenses).

Pursuant to the Purchase Agreement, the Company has granted Purchaser certain rights to participate in certain future equity financings of the Company. In addition, the Company has agreed to reimburse Purchaser for all of its expenses (including legal fees). In connection with the transactions occurring under the Purchase Agreement, the Company has incurred fees and expenses of approximately $300,000.

The Purchase Agreement contains customary representations, warranties, covenants and closing conditions by and among the parties. Upon any subsequent closing under the Purchase Agreement, such representations and warranties must be accurate in all material respects, such covenants must have been performed and such closing conditions must have been satisfied or waived, including without limitation no material adverse effect having occurred with respect to the Company prior to any subsequent closing.

The Company expects the subsequent closings under the Purchase Agreement to occur on or before June 15, 2009 (the "Final Purchase Date"). However, if Purchaser has purchased 350,000 or more shares of Series B-2 Preferred Stock (with a stated amount of $700,000 or more) by May 13, 2009, then the Final Purchase Date will be automatically extended until August 11, 2009.

The foregoing description of the Purchase Agreement is not complete and is qualified in its entirety by reference to the full text of the Purchase Agreement, a copy of which is filed herewith as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Terms of the Series B Preferred Stock

The Certificate of Designation of Preferences, Rights and Limitations of Series B-1 Convertible Preferred Stock and Series B-2 Convertible Preferred Stock (the "Certificate of Designations") contains the following terms and conditions. The terms and conditions of the Series B-1 Preferred Stock and Series B-2 Preferred Stock are identical in all respects except with respect to the Company's redemption rights.

Dividends. The Holders of Series B-1 Preferred Stock and Series B-2 Preferred Stock (collectively, the "Holders") will be entitled to receive cumulative dividends at the rate of 12% per share per annum (compounding monthly) payable quarterly. At the Company's option, the dividends may be paid in cash or Common Stock valued per share at 100% of the value weighted average price per share for the 20 consecutive trading days prior to the applicable dividend payment date; provided, however, that there is an effective registration statement covering the shares of Common Stock (for dividend payments due on September 30, 2009 or later) and the issuance of the shares does not trigger anti-dilution provisions under other agreements to which the Company is a party. If the Company does not pay any dividend on the Series B Preferred Stock, dividends will accrue at the rate of 15% per annum (compounding monthly).

Voting. The Holders are entitled to the number of votes equal to the number of shares of Common Stock into which such shares of Series B Preferred Stock would be convertible on the record date for the vote or consent of shareholders, and will otherwise have voting rights and powers equal to the voting rights and powers of the Common Stock.

With respect to the election of directors, the Holders will vote together as a separate class to elect two members of the Board of Directors (the "Series B Directors"), and the Company will take all reasonably necessary or desirable actions within its control to permit the Holders to appoint two additional members of the Board of Directors (the "Series B Nominees"), who will be subject to election by all shares of voting stock of the Company voting together as a single group, until such time as the Maximum Amount has been issued, after which the number of Series B Nominees will be three (and will remain three until there are no longer any shares of Series B Preferred Stock outstanding).

Convertibility. Each share of Series B Preferred Stock is convertible into four shares of Common Stock at the conversion price of $0.50 per share (subject to customary anti-dilution protection adjustments) at the option of: (i) the Holder, at any time and (ii) the Company, at any time after February 12, 2010 (and upon 10 days notice) if the Common Stock is quoted at or above $1.50 for 15 consecutive trading days and an effective registration statement regarding the underlying shares of Common Stock is in effect (subject to certain monthly volume limits).

Redemption. Upon notice of not less than 30 trading days, a Holder may require the Company to redeem, in whole or in part, (i) the Series B-1 Preferred Stock at any time on or after March 12, 2010 and (ii) the Series B-2 Preferred Stock at any time on or after two years from the date of issuance of such shares of Series B-2 Preferred Stock. The redemption price will be equal to the sum of the stated value of the Series B Preferred Stock, plus all accrued but unpaid dividends thereon, as of the redemption date.

If the Company fails for any reason to pay the redemption price in cash on the redemption date, then the Holders requesting redemption may, at their sole option, automatically convert their shares of Series B Preferred Stock into a promissory note bearing interest at the rate of 15% per year and secured by a lien on all assets of the Company. The Company has executed a promissory note, security agreement and escrow agreement, a copy of each of which is filed herewith as Exhibit 10.2, 10.3 and 10.4, respectively, to this Current Report on Form 8-K and is incorporated herein by reference, which will be held in escrow and released to the Holder upon the occurrence of such an event.

Liquidation Preference. Upon any liquidation, dissolution or winding up of the Company (including certain "deemed liquidation" events constituting a sale, merger or reorganization of the Company), the Holders are entitled to a liquidation preference to any distribution of the Company's assets to the holders of Common Stock, but *pari passu* with the holders of the Company's Series A Preferred Stock, in an amount equal to the sum of the stated value of the Series B Preferred Stock, plus all accrued but unpaid dividends thereon, as of the record date for distribution.

Other Restrictions. So long as any shares of the Series B Preferred Stock remain outstanding, the Company may not, without the approval of the Holders of a majority of the shares of Series B Preferred Stock outstanding, among other things, (i) change the size of its Board of Directors; (ii) amend or repeal its Articles of Incorporation or Bylaws or file any articles of amendment designating the preferences, limitations and relative rights of any series of preferred stock; (iii) create or increase the authorized amount of any additional class or series of shares of stock that is equal to or senior to Series B Preferred Stock; (iv) increase or decrease the authorized number of shares of the Series B Preferred Stock; (v) purchase, redeem or otherwise acquire for value any shares of any class of its capital stock; (vi) merge or consolidate into or with any other corporation or sell, assign, lease, pledge, encumber or otherwise dispose of all or substantially all of its assets or those of any subsidiary; (vii) voluntarily or involuntarily liquidate, dissolve or wind up the Company or its business; (viii) pay or declare dividends on any capital stock other than the Preferred Stock, unless the Series B Preferred Stock share ratably in such dividend and all accrued dividends payable with respect to the Series B Preferred Stock have been paid prior to the payment or declaration of such dividend; (ix) acquire an equitable interest in, or the assets or business of any other entity in any form of transaction; (x) create or commit the Company to enter into a joint venture, licensing agreement or exclusive marketing or other distribution agreement with respect to the Company's products, other than in the ordinary course of business; (xi) permit the Company or any subsidiary to sell or issue any security of such subsidiary to any person or entity other than the Company; (xii) enter into, create, incur, assume or guarantee any indebtedness for borrowed money of any kind (other than indebtedness existing on the initial closing date and approved by Holders); (xiii) enter into, create, incur or assume any liens of any kind (other than certain permitted liens); (xiv) issue any common stock equivalents; (xv) increase the number of shares of Common Stock that may be issued pursuant to options, warrants or rights to employees, directors, officers, consultants or advisors above 1,500,000 (subject to customary anti-dilution protection adjustments). Notwithstanding anything to the contrary contained in the Certificate of Designations, the Company is permitted to consummate a registered rights offering of up to $20,000,000 of Common Stock to its holders of Common Stock without the consent of the Holders.

The foregoing description of the Certificate of Designations is not complete and is qualified in its entirety by reference to the full text of the Certificate of Designations, a copy of which is filed herewith as Exhibit 3.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Terms of the Common Stock Purchase Warrants

The warrants issued under the Purchase Agreement provide for the following terms and conditions.

Term; Exercise Price. Each Class A-1 Warrant, Class A-2 Warrant and Class B Warrant is exercisable at $0.50 per share of Common Stock (subject to customary anti-dilution protection adjustments) at any time on or after the date of issuance until the fifth anniversary of the respective issue date.

Mandatory Exercise of Class A-1 Warrants. The Company may, upon 30 days notice, issue a termination notice with respect to each Class A-1 Warrant on any trading day on which (i) the market

value of the Common Stock for each of the 15 previous trading days exceeded $1.25 per share (subject to customary anti-dilution protection adjustments), and (ii) an effective registration statement regarding the underlying shares of Common Stock is in effect.

Mandatory Exercise of Class A-2 Warrants. The Company may, upon 30 days notice, issue a termination notice with respect to each Class A-2 Warrant on any trading day on which (i) the market value of the Common Stock for each of the 15 previous trading days exceeded $1.75 per share (subject to customary anti-dilution protection adjustments), and (ii) an effective registration statement regarding the underlying shares of Common Stock is in effect.

The foregoing description of the warrants is not complete and is qualified in its entirety by reference to the full text of the Form of Class A-1 Warrant, Form of Class A-2 Warrant and Form of Class B Warrant, a copy of each of which is filed herewith as Exhibit 4.1, Exhibit 4.2 and Exhibit 4.3, respectively, to this Current Report on Form 8-K and is incorporated herein by reference.

Registration Rights Agreement

On February 12, 2009, the Company entered into a Registration Rights Agreement with Purchaser (the "Registration Rights Agreement"). Pursuant to the Registration Rights Agreement, the Company agreed to use its commercially reasonable efforts to (i) as soon as reasonably possible, register for resale under the Securities Act of 1933, as amended (the "Securities Act"), all shares of Common Stock underlying (x) the Series B Preferred Stock (including shares of Common Stock issued as a dividend thereon) and (y) the warrants issued under the Purchase Agreement and (ii) keep the registration statement effective for a period of ninety (90) days or until such registrable securities have been sold. The Company has agreed to pay all registration expenses incurred by it in connection with the registration.

The foregoing description of the Registration Rights Agreement is not complete and is qualified in its entirety by reference to the full text of the Registration Rights Agreement, a copy of which is filed herewith as Exhibit 10.5 to this Current Report on Form 8-K and is incorporated herein by reference.

Technology Transfer and Sharing Agreement

On February 12, 2009, the Company entered into a Technology Transfer and Sharing Agreement (the "Sharing Agreement") with Medi-Pharmaceuticals, Inc., a Nevada corporation ("Medi-Pharmaceuticals") which is 10% owned by the Company, pursuant to which (i) a License Agreement dated November 25, 2008 between the Company and Medi-Pharmaceuticals (as amended, the "License Agreement") (pursuant to which the Company granted Medi-Pharmaceuticals an exclusive, worldwide perpetual license to commercialize all of its polysaccharide technology exclusively in the field of cardiovascular therapies in exchange for a royalty equal to 10% of Medi-Pharmaceuticals' net revenues from products sold based on the licensed technology) was terminated and (ii) the Company and Medi-Pharmaceuticals agreed to share full use of any and all intellectual property developed by the Company relating to the fibrotic tissue application such that either the Company or Medi-Pharmaceuticals may continue research and development for that application. Pursuant to the Sharing Agreement, each party may engage in research in the area of liver and kidney fibrosis and the Company holds sole commercialization rights to any product resulting from such research.

Pursuant to the Sharing Agreement, the Company and Medi-Pharmaceuticals agreed that (i) the Company will not work in the area of polysaccharides in heart disease for a term of five years without the consent of Medi-Pharmaceuticals and (ii) Medi-Pharmaceuticals will not work in the area of polysaccharides in oncology or liver/kidney fibrosis for a term of five years without the consent of the Company.

The foregoing description of the Sharing Agreement is not complete and is qualified in its entirety by reference to the full text of the Sharing Agreement, a copy of which is filed herewith as Exhibit 10.6 to this Current Report on Form 8-K and is incorporated herein by reference.

Consulting Agreement

On February 12, 2009, the Company entered into a Consulting Agreement (the "Consulting Agreement") with Medi-Pharmaceuticals pursuant to which the parties agreed that Medi-Pharmaceuticals will provide (a) certain manufacturing and development services related to DAVANAT®, (b) training to the Company's technicians in best practices for laboratory processes and procedures and (c) upon the request of the Company, advice and review relative to current pre-clinical trials and clinical trials, and submissions of information or other documentation, to the FDA related to DAVANAT®. The Consulting Agreement provides that to the extent the services are provided by Dr. Platt, Medi-Pharmaceuticals shall receive no compensation. To the extent the services are provided by Dr. Eliezer Zomer, however, Medi-Pharmaceuticals shall receive (i) a monthly fee of $9,167 (equal to 50% of Dr. Zomer's present salary), (ii) the portion of employment related taxes related to the monthly fee in the preceding clause, and (iii) $2,000 per month as reimbursement for medical insurance incurred by Medi-Pharmaceuticals on behalf of Dr. Zomer. In addition, the Consulting Agreement provides that the Company will grant Dr. Zomer, such number of fully vested cashless-exercise stock options exercisable to purchase such number of shares as the Company may reasonably determine following consultation with Dr. Zomer, within ten business days after either (A) submission by the Company to the FDA of the results of the pharmacokinetic study data relative to human clinical trials of DAVANAT® or (B) approval of an NDA by the FDA based on DAVANAT®. The term of the Consulting Agreement is until February 12, 2011. Dr. Platt, who may provide services to the Company pursuant to the Consulting Agreement, owns more than 5% of the Company's outstanding shares of Common Stock.

The foregoing description of the Consulting Agreement is not complete and is qualified in its entirety by reference to the full text of the Consulting Agreement, a copy of which is filed herewith as Exhibit 10.6 to this Current Report on Form 8-K and is incorporated herein by reference.

Separation Agreement with Dr. David Platt

On February 12, 2009, in connection with the transactions described above, the Company entered into a Separation Agreement (the "Separation Agreement") with its Chief Executive Officer, Dr. David Platt. Pursuant to the Separation Agreement, Dr. Platt agreed to resign from his position as the Company's Chief Executive Officer and from the Company's Board of Directors effective as of February 12, 2009 ("Effective Date"). In connection with the termination of Dr. Platt's employment as described in Item 5.02 below, and as contemplated by his Employment Agreement dated as of January 2, 2004 (the "Employment Agreement"), the Separation Agreement will govern the terms of Dr. Platt's termination of employment. Dr. Platt will continue to provide consulting services to the Company.

Under the Separation Agreement, the Company has agreed to continue to pay Dr. Platt his current salary at the monthly rate of $21,667 for 24 months following the Effective Date. The Separation Agreement provides that the Company may defer payment of a portion of such salary amounts above $10,000 per month (so long as Dr. Platt does not receive payments of less than the salary payments being made to the Company's then Chief Executive Officer). However, all deferred amounts will continue to accrue and will be payable upon the earlier to occur of (i) the Company receiving a minimum of $4.0 million of funding after the Effective Date, or (ii) February 12, 2011. The Company has also agreed to continue to (i) provide health and dental insurance benefits to Dr. Platt, in an amount not to exceed $2,000 per month, until the first to occur of (x) February 12, 2011 or (y) the date Dr. Platt and his family become eligible to receive health and dental insurance benefits under the plans of a subsequent employer and (ii) make the current monthly lease payments of $800 on his automobile until February 12, 2011.

The Company has further agreed to defer a severance payment of $1.0 million due to Dr. Platt under his Employment Agreement until the occurrence of any of the following events (each, a "Milestone Event"): (i) approval by the Food and Drug Administration of a new drug application ("NDA") for any drug candidate or drug delivery candidate of the Company based on its DAVANAT® technology (whether or not such technology is patented); (ii) consummation of a transaction with a pharmaceutical company expected to result in at least $10.0 million of equity investment or $50.0 million of royalty revenue to the Company; or (iii) the renewed listing of the Company's securities on a national securities exchange and the achievement of a market capitalization of $100.0 million. Payment upon the events referred to in clause (i) and (iii) may be deferred up to six months, and if the Company has insufficient cash at the time of any of such events, it may issue Dr. Platt a secured promissory note for such amount. If the Company files a voluntary or involuntary petition for bankruptcy, whether or not a Milestone Event has occurred, such event shall trigger the obligation of the Company to pay the $1.0 million obligation with the result that Dr. Platt may assert a claim for such obligation against the bankruptcy estate of the Company.

The Separation Agreement also provides that upon (i) the Company's consummation of a transaction with a pharmaceutical company expected to result in at least $10.0 million of equity investment or $50.0 million of royalty revenue to the Company, the Company will grant Dr. Platt fully vested cashless-exercise stock options exercisable to purchase at least 300,000 shares of Common Stock for ten (10) years at an exercise price not less than the fair market value of the Common Stock determined as of the date of the grant ("Cashless Stock Options") and (ii) approval by the FDA of the first NDA for any drug or drug delivery candidate of the Company based on its DAVANAT® technology (whether or not such technology is patented), the Company will grant Dr. Platt fully vested Cashless Stock Options to purchase at least 500,000 shares of Common Stock.

The Separation Agreement is subject to a seven day revocation period from the date thereof, during which period Dr. Platt may revoke the Separation Agreement. If Dr. Platt revokes the Separation Agreement on or before February 19, 2009, the Separation Agreement will remain effective except that the release Dr. Platt granted the Company will exclude any age-related claims and Dr. Platt will no longer be entitled to receive one-third (1/3rd) of his deferred salary under the Separation Agreement, but he will retain all other benefits described in the paragraphs above.

The foregoing description of the Separation Agreement is not complete and is qualified in its entirety by reference to the full text of the Separation Agreement, a copy of which is filed herewith as Exhibit 10.8 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 1.02. Termination of a Material Definitive Agreement.

On February 12, 2009, in connection with the Company's entering into of the Sharing Agreement, the Company and Medi-Pharmaceuticals terminated the License Agreement.

On February 12, 2009, in connection with the Company's entering into of the Separation Agreement, the Company terminated the Employment Agreement.

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

The information contained in Item 1.01 of this report under the caption "Securities Purchase Agreement — Terms of the Series B Preferred Stock — Redemption" is incorporated by reference into this Item 2.03.

Item 3.02. Unregistered Sales of Equity Securities.

The information contained in Item 1.01 of this report with under the caption "Securities Purchase Agreement" is incorporated by reference into this Item 3.02.

At the initial closing under the Purchase Agreement the Series B Preferred Stock and warrants were, and upon each subsequent closing under the Purchase Agreement the Series B Preferred Stock and warrants will be, issued in reliance upon the exemption from registration under Section 4(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder. At the initial closing under the Purchase Agreement the Series B Preferred Stock and warrants were not, and upon each subsequent closing under the Purchase Agreement the Series B Preferred Stock and warrants will not be, registered under the Act and will be "restricted securities" as such term is defined by Rule 144 under the Securities Act.

Item 3.03. Material Modification of Rights of Security Holders.

The information contained in Item 1.01 of this report under the caption "Securities Purchase Agreement — Terms of the Series B Preferred Stock" is incorporated by reference into this Item 3.03.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) On February 12, 2009, (i) Dr. David Platt resigned as Chairman of the Company's Board of Directors and as Chief Executive Officer of the Company, and (ii) each of Dale H. Conaway, Dr. Henry J. Esber and Dr. James T. Gourzis resigned from the Company's Board of Directors. There was no disagreement or dispute with the Company concerning these resignations.

The information contained in Item 1.01 under the caption "Separation Agreement with Dr. David Platt" is incorporated by reference into this Item 5.02(b).

(c) On February 12, 2009, Dr. Ted Zucconi, Ph.D., age 62, was named Chief Executive Officer and President of the Company. Dr. Zucconi is presently a director of the Company, and President of the Company from October 2007 to December 31, 2008, was formerly, since 2002, President of Implementation Edge, a management consulting firm that specializes in organizational performance improvement. From 1994 until 2002, Dr. Zucconi served in various capacities at Motorola, including Director of Motorola University. Prior to Motorola, Dr. Zucconi held technical, operational, and scientific positions at various high technology companies. Dr. Zucconi received his Ph.D. in analytical chemistry from State University of New York in 1977. Dr. Zucconi also received a Master's Certificate in international management from Thunderbird University. Although in connection with the Company's cash conservation efforts Dr. Zucconi's employment had been terminated on October 31, 2008, he remained a director of the Company and continued to provide services to the Company on a voluntary basis.

The Company had previously entered into an employment agreement with Dr. Zucconi on December 19, 2007, which amended and restated his prior employment agreement effective October 1, 2007. Dr. Zuconni's employment agreement expired on October 1, 2008 and his employment terminated on December 31, 2008 in connection with the Company's cash conservation efforts. During the period between October 1, 2008 and December 31, 2008, Dr. Zucconi's employment continued under the terms of his expired employment agreement. Dr. Zucconi has also agreed to refrain from soliciting, diverting or accepting business relating to the Company's products, processes or services from any customers that he has come into contact with as a result of his employment with the Company for a period of 12 months

after termination of his employment. In addition, Dr. Zucconi has agreed to refrain from rendering any services as an employee, consultant or otherwise to any competing organization or from owning any interest in any competing organization for a period of six months after termination of his employment. Dr. Zucconi is also subject to a non-solicitation provision for 12 months after termination of his employment.

Dr. Zucconi's recently expired employment agreement, provided a monthly salary of $9,167 in 2007 and an annual salary of $220,000 in 2008, payment of 50% of which was deferred until October 1, 2008. In accordance with his agreement, Dr. Zucconi was paid a cash bonus of $27,500 before June 1, 2008. Dr. Zucconi was entitled to health insurance, participation in the Company's 401(k) plan and other employee benefits, as well as $54,000 for relocation costs and airfare reimbursement (usable by him or his spouse) for up to 14 round trips to his home in Phoenix, Arizona. The agreement also provided for a "sign-on" bonus of 200,000 stock options, which were granted in December 2007. Dr. Zucconi's employment agreement also entitled him to 10,000 incentive stock options for each $1.0 million of financing received by the Company from investors identified by him. The agreement provided that all stock options were fully vested on the applicable grant date, had an exercise price equal to the fair market value of the Common Stock on the grant date, and are exercisable for five years, whether or not Dr. Zucconi is then employed by the Company. Notwithstanding the terms of his employment agreement, Dr. Zucconi declined to accept the health insurance and other benefits described above and agreed to accept approximately $32,000 for relocation costs and airfare reimbursement.

On February 13, 2009, the Compensation Committee pursuant to the 2009 Plan (defined at Item 5.02(e) below) granted 500,000 shares of restricted Common Stock to Dr. Zucconi, subject to forfeiture if Dr. Zucconi no longer serves as a director of the Company as follows: (i) 100%, if he is no longer serving as a director before February 13, 2010; (ii) 50%, if he is serving as a director on or after February 13, 2010 but no longer serving before May 13, 2010; (iii) 37.5%, if he is serving as a director on or after May 13, 2010 but no longer serving before August 13, 2010; (iv) 25%, if he is serving as a director on or after August 13, 2010 but no longer serving before November 13, 2010; and (v) 12.5%, if he is serving as a director on or after November 13, 2010 but no longer serving before February 13, 2011.

(d) On February 12, 2009, James C. Czirr, Rod Martin, Dr. Gil Amelio and Dr. Peter Traber were elected to the Company's Board of Directors. Mr. Czirr and Mr. Martin were designated as the Series B Directors and Dr. Amelio and Dr. Traber will be the Series B Nominees.

Mr. Czirr will serve as the Chairman of the Board of Directors. Dr. Amelio and Mr. Martin were appointed to serve as members of each of the Compensation Committee and the Nomination and Corporate Governance Committee of the Company's Board of Directors. Bobby Greenberg, who will become a Series B Nominee upon issuance of the Maximum Amount, was also appointed to serve on the Compensation Committee.

On February 13, 2009, the Compensation Committee pursuant to the 2009 Plan (defined at Item 5.02(e) below) granted 500,000 shares of restricted Common Stock to each of Mr. Czirr, Mr. Martin, Dr. Amelio, Dr. Traber and Mr. Greenberg, subject to forfeiture if such person has not been elected to serve, or no longer serves, as a director of the Company as follows: (i) 100%, if such person is no longer serving as a director before February 13, 2010; (ii) 50%, if such person is serving as a director on or after February 13, 2010 but no longer serving before May 13, 2010; (iii) 37.5%, if such person is serving as a director on or after May 13, 2010 but no longer serving before August 13, 2010; (iv) 25%, if such person is serving as a director on or after August 13, 2010 but no longer serving before November 13, 2010; and (v) 12.5%, if such person is serving as a director on or after November 13, 2010 but no longer serving before February 13, 2011.

The information contained in Item 1.01 under the caption "Securities Purchase Agreement — Terms of the Series B Preferred Stock — Voting" is incorporated by reference into this Item 5.02(d).

(e) On February 12, 2009, the Company adopted the Pro-Pharmaceuticals, Inc. 2009 Incentive Compensation Plan (the "2009 Plan") pursuant to which the Company may issue up to 10,000,000 shares of restricted Common Stock to its officers, directors, employees, consultants and other persons who provide services to the Company or any related entity. Awards under the 2009 Plan may be in the form of options, stock appreciation rights, restricted stock, deferred stock, shares granted as a bonus or in lieu of another award, dividend equivalents, other stock-based awards or performance awards, all as further described in the 2009 Plan.

The foregoing description of the 2009 Plan is not complete and is qualified in its entirety by reference to the full text of the 2009 Plan, a copy of which is filed herewith as Exhibit 10.9 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 5.03. Amendments to Certificate of Incorporation or Bylaws; Change in Fiscal Year.

On February 11, 2009, the Company filed with the Secretary of State of the State of Nevada a Certificate of Designation of Preferences, Rights and Limitations of Series B-1 Convertible Preferred Stock and Series B-2 Convertible Preferred Stock, establishing the terms of the Series B Preferred Stock. A copy of the Certificate of Designation of Preferences, Rights and Limitations of Series B-1 Convertible Preferred Stock and Series B-2 Convertible Preferred Stock is included as an exhibit to this report and is incorporated by reference into this Item 5.03.

Item 8.01. Other Events.

On February 17, 2009, the Company issued news releases describing (i) the private placement and (ii) the changes in management described herein. A copy of the Company's news releases are attached as Exhibits 99.1 and 99.2 hereto, respectively, and incorporated by reference into this Item 8.01.

Item 9.01. Financial Statements and Exhibits.

(a) *Financial Statements of Businesses Acquired*.
Not applicable.

(b) *Pro Forma Financial Information*.
Not applicable.

(c) *Shell Company Transactions*.
Not applicable.

(d) *Exhibits*.

Exhibit No.	Description
3.1	Certificate of Designation of Preferences, Rights and Limitations of Series B-1 Convertible Preferred Stock and Series B-2 Convertible Preferred Stock.
4.1	Form of Class A-1 Common Stock Purchase Warrant.
4.2	Form of Class A-2 Common Stock Purchase Warrant.
4.3	Form of Class B Common Stock Purchase Warrant.
10.1	Securities Purchase Agreement dated February 12, 2009 between the Company and Purchaser.
10.2	Promissory Note dated February 12, 2009 issued by the Company in favor of Purchaser.

Exhibit No.	Description
10.3	Security Agreement dated February 12, 2009 between the Company and Purchaser.
10.4	Escrow Agreement dated February 12, 2009 among the Company, Purchaser and Investment Law Group of Gillett, Mottern & Walker, LLP, as Escrow Agent.
10.5	Registration Rights Agreement dated February 12, 2009 between the Company and Purchaser.
10.6	Technology Transfer and Sharing Agreement dated February 12, 2009 between the Company and Medi-Pharmaceuticals, Inc.
10.7	Consulting Agreement dated February 12, 2009 between the Company and Medi-Pharmaceuticals, Inc.
10.8	Separation Agreement dated February 12, 2009 between the Company and David Platt, Ph.D.
10.9	Pro-Pharmaceuticals, Inc. 2009 Incentive Compensation Plan.
99.1	News release related to private placement dated February 17, 2009.
99.2	News release related to changes in management dated February 17, 2009.

SIGNATURES

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.

PRO-PHARMACEUTICALS, INC.

By: /S/ ANTHONY SQUEGLIA
Name: Anthony Squeglia
Title: Chief Financial Officer

Date: February 18, 2009

EXHIBIT INDEX

Exhibit No.	Description
3.1	Certificate of Designation of Preferences, Rights and Limitations of Series B-1 Convertible Preferred Stock and Series B-2 Convertible Preferred Stock.
4.1	Form of Class A-1 Common Stock Purchase Warrant.
4.2	Form of Class A-2 Common Stock Purchase Warrant.
4.3	Form of Class B Common Stock Purchase Warrant.
10.1	Securities Purchase Agreement dated February 12, 2009 between the Company and Purchaser.
10.2	Promissory Note dated February 12, 2009 issued by the Company in favor of Purchaser.
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EXHIBIT 3.1

PRO-PHARMACEUTICALS, INC.

CERTIFICATE OF DESIGNATION OF PREFERENCES,

RIGHTS AND LIMITATIONS

OF

SERIES B-1 CONVERTIBLE PREFERRED STOCK

AND

SERIES B-2 CONVERTIBLE PREFERRED STOCK

PURSUANT TO SECTION 78.56 OF THE

NEVADA GENERAL CORPORATION LAW

The undersigned, Anthony Squeglia and Maureen Foley, do hereby certify that:

1. They are the Chief Financial Officer and Secretary, respectively, of Pro-Pharmaceuticals, Inc., a Nevada corporation (the "Corporation").

2. The Corporation is authorized to issue 10,000,000 shares of undesignated stock, par value $0.01 per share, of which 5,000,000 have been designated for issuance as Series A 12% Convertible Preferred Stock, and the balance remains undesignated as of the date hereof.

3. The following resolutions were duly adopted by the Board of Directors:

WHEREAS, the Articles of Incorporation of the Corporation provides for a class of its authorized stock known as undesignated stock, comprised of 10,000,000 shares, $0.01 par value, issuable from time to time in one or more series designated by the Board of Directors;

WHEREAS, the Board of Directors of the Corporation is authorized to fix the dividend rights, dividend rate, voting rights, conversion rights, rights and terms of redemption and liquidation preferences of any wholly unissued series of undesignated stock and the number of shares constituting any series and the designation thereof, of any of them; and

WHEREAS, it is the desire of the Board of Directors of the Corporation, pursuant to its authority as aforesaid, to fix the rights, preferences, restrictions and other matters relating to two series of preferred stock, which shall consist of 900,000 shares of Series B-1 Convertible Preferred Stock and up to 2,100,000 shares of Series B-2 Convertible Preferred Stock, which the Corporation has the authority to issue, as follows:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby provide for the issuance of a series of preferred stock for cash or exchange of other securities, rights or property and does hereby fix and determine the rights, preferences, restrictions and other matters relating to such series of preferred stock as follows:

TERMS OF SERIES B-1 AND B-2 CONVERTIBLE PREFERRED STOCK

Section 1. Definitions. Capitalized terms used and not otherwise defined herein that are defined in the Purchase Agreement shall have the meanings given such terms in the Purchase Agreement. For the purposes hereof, the following terms shall have the following meanings:

"Commission" means the Securities and Exchange Commission.

"Common Stock" means the Corporation's common stock, par value $0.001 per share, and stock of any other class of securities into which such securities may hereafter have been reclassified or changed into.

"Common Stock Equivalents" means any securities of the Corporation or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"Conversion Amount" means the sum of the Stated Value plus all accrued but unpaid dividends on the Preferred Stock as of the Conversion Date.

"Conversion Date" shall have the meaning set forth in Section 5(d)(iii).

"Conversion Price" shall have the meaning set forth in Section 5(b).

"Conversion Shares" means, collectively, the shares of Common Stock into which the shares of Preferred Stock are convertible in accordance with the terms hereof.

"Dividend Shares" means, collectively, the shares of Common Stock which the Corporation may issue to a Holder in payment of dividends due on the Preferred Stock from time to time in accordance with the terms hereof.

"Dividend Payment Date" shall have the meaning set forth in Section 3(a).

"Effective Date" means the date that the Registration Statement is declared effective by the Commission.

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

"Exempt Issuance" means the issuance of (a) shares of Common Stock or options to employees, officers, directors or other permitted grantees of the Corporation pursuant to any stock or option plan duly adopted for such purpose, by a majority of the non-employee members of the Board of Directors or a majority of the members of a committee of non-employee directors established for such purpose, (b) securities upon the exercise or exchange of or conversion of any Securities issued hereunder and/or other securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the date of this Agreement, provided that such securities have not been

amended since the date of this Agreement to increase the number of such securities or to decrease the exercise, exchange or conversion price of such securities, (c) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors of the Corporation, provided that any such issuance shall only be to a Person which is, itself or through its subsidiaries, an operating company in a business compatible with the business objectives of the Corporation and in which the Corporation receives benefits in addition to the investment of funds, but shall not include a transaction in which the Corporation is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities, and (d) securities pursuant to written contractual obligations entered into prior to the Initial Closing Date which have been approved in writing by the Holder.

"Final Purchase Date" means the Trading Day immediately subsequent to the date that is one hundred twenty (120) days from Original Issue Date of the Series B-1 Preferred; provided, however, the Final Purchase Date shall be automatically extended for an additional sixty (60) days if the Corporation issues 1,250,000 shares of Preferred Stock by the ninetieth (90^{th}) day after Original Issue Date of the Series B-1 Preferred.

"Holder" means a holder of Preferred Stock.

"Indebtedness" means (a) any liabilities for borrowed money or amounts owed in excess of $100,000 (other than trade accounts payable incurred in the ordinary course of business), (b) all guaranties, endorsements and other contingent obligations in respect of indebtedness of others, whether or not the same are or should be reflected in the Corporation's balance sheet (or the notes thereto), except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and (c) the present value of any lease payments in excess of $50,000 due under leases required to be capitalized in accordance with GAAP.

"Initial Redemption Date" shall mean the Series B-1 Redemption Date or the Series B-2 Redemption Date, as applicable.

"Liens" means a lien, charge, security interest, encumbrance, right of first refusal, preemptive right or other restriction.

"Mandatory Conversion Date" shall have the meaning set forth in Section 5(d)(ii).

"Notice of Conversion" shall have the meaning given such term in Section 5(a).

"Original Issue Date" shall mean the date of the first issuance of each issuance of shares of the Preferred Stock regardless of the number of transfers of any particular shares of Preferred Stock and regardless of the number of certificates which may be issued to evidence such Preferred Stock.

"Permitted Indebtedness" means the Indebtedness existing on the Initial Closing Date and approved in writing by the Holder.

"Permitted Lien" means the individual and collective reference to the following: (a) Liens for taxes, assessments and other governmental charges or levies not yet due or Liens for taxes, assessments and other governmental charges or levies being contested in good faith and by appropriate proceedings for which adequate reserves (in the good faith judgment of the management of the Corporation) have been established in accordance with GAAP; (b) Liens imposed by law which were incurred in the ordinary course of the Corporation's business, such as carriers', warehousemen's and mechanics' Liens, statutory landlords' Liens, and other similar Liens arising in the ordinary course of the Corporation's business, and which (x) do not individually or in the aggregate materially detract from the value of such property or assets or materially impair the use thereof in the operation of the business of the Corporation and its consolidated subsidiaries or (y) are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing for the foreseeable future the forfeiture or sale of the property or asset subject to such Lien; (c) Liens incurred in connection with Permitted Indebtedness under clauses (b) thereunder, provided that such Liens are not secured by assets of the Corporation or its subsidiaries other than the assets so acquired or leased.

"Person" means a corporation, an association, a partnership, an organization, a business, an individual, a government or political subdivision thereof or a governmental agency.

"Preferred Stock" shall have the meaning given such term in Section 2.

"Purchase Agreement" means the Securities Purchase Agreement to which the Corporation and the original Holders are parties, as amended, modified or supplemented from time to time in accordance with its terms.

"Registration Rights Agreement" means the Registration Rights Agreement, dated as of the date of the Purchase Agreement, to which the Corporation and the original Holder are parties, as amended, modified or supplemented from time to time in accordance with its terms.

"Registration Statement" means a registration statement that meets the requirements of the Registration Rights Agreement and registers the resale of all Conversion Shares and Dividend Shares by the Holder, who shall be named as a "selling stockholder" thereunder, all as provided in the Registration Rights Agreement.

"Registration Statement Condition" means that a Registration Statement is effective, and not subject to any stop order or suspension, and all related blue sky filings have been made.

"Rights Offering" means a registered offering of up to $20,000,000 of Common Stock by the Company to its Common Stockholders.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Series A Preferred Stock" means the Corporation's Series A 12% Convertible Preferred Stock, par value $0.01 per share.

"Series B Directors" shall have the meaning given such term in Section 4.

"Series B-1 Redemption Date" means the date that is thirteen (13) months from the Original Issue Date of the Series B-1 Preferred.

"Series B-2 Redemption Date" means the date that is two (2) years from the Original Issue Date of the Series B-2 Preferred.

"Share Delivery Date" shall have the meaning given such term in Section 5(e)(i).

"Stated Value" shall have the meaning given such term in Section 2.

"Subsidiary" means any entity in which the Corporation, directly or indirectly, beneficially owns 20% or more the voting securities thereof, including any entity formed or acquired after the date hereof.

"Trading Day" means a day on which the Common Stock is traded on a Trading Market.

"Trading Market" means any one of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the Nasdaq SmallCap Market, the American Stock Exchange, the New York Stock Exchange, the Nasdaq National Market, the OTC Bulletin Board, or "Pink Sheets."

"Voluntary Conversion Date" shall have the meaning set forth in Section 5(a).

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market (other than the OTC Bulletin Board), the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg Financial L.P. (based on a Trading Day from 9:30 a.m. Eastern Time to 4:00 p.m. Eastern Time); (b) if the Common Stock is then listed or quoted on the OTC Bulletin Board, the average of the high and low price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board; or (c) if the Common Stock is not then listed or quoted on a Trading Market and if prices for the Common Stock are then reported in the "Pink Sheets" published by the Pink Sheets, LLC (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported.

Section 2. Designation, Amount and Par Value. Two series of preferred stock shall be designated as the Corporation's (a) Series B-1 Convertible Preferred Stock (the "Series B-1 Preferred"), of which the number of shares so designated shall be 900,000, and (b) Series B-2 Convertible Preferred Stock (the "Series B-2 Preferred," and collectively with the Series B-1 Preferred, the "Preferred Stock"), of which the number of shares so designated shall be

2,100,000, for a total of 3,000,000 shares (the "Maximum Amount"). Each share of Preferred Stock shall have a par value of $0.01 per share and a stated value equal to $2.00 (the "Stated Value"). Capitalized terms not otherwise defined herein shall have the meaning given such terms in Section 1 hereof.

Section 3. Dividends. Holders shall be entitled to receive, and the Corporation shall pay, cumulative dividends at the rate per share (as a percentage of the Stated Value per share) of 12% per annum (compounding monthly), payable in arrears quarterly on March 31, June 30, September 30 and December 31, beginning with June 30, 2009 (except that, if such date is not a Trading Day, the payment date shall be the next succeeding Trading Day) ("Dividend Payment Date"). The dividends shall be payable at the Corporation's option either in cash or, if the Registration Statement Condition is true as of the Dividend Payment Date and the issuance of shares of Common Stock for dividends would not trigger any anti-dilution provisions to which the Corporation is subject, in duly authorized, fully paid and non-assessable shares of Common Stock valued at 100% of the average of the VWAPs for the twenty (20) consecutive Trading Days ending on the Trading Day that is immediately prior to the Dividend Payment Date; provided that the Registration Statement Condition must only be true as of the Dividend Payment Date falling on September 30, 2009 or any subsequent Dividend Payment Date. Dividends on the Preferred Stock shall be calculated on the basis of a 360-day year, shall accrue daily commencing on the Original Issue Date, and shall be deemed to accrue from such date whether or not earned or declared and whether or not there are profits, surplus or other funds of the Corporation legally available for the payment of dividends. The Corporation covenants that all shares of Common Stock that are issued in satisfaction of dividends due on the Preferred Stock shall, upon issue, be duly and validly authorized, issued and fully paid, nonassessable and registered for public sale in accordance with the Registration Statement. Except as otherwise provided herein, if at any time the Corporation pays dividends partially in cash and partially in shares, then such payment shall be distributed ratably among the Holders based upon the number of shares of Preferred Stock held by each Holder. If the Corporation does not pay any dividend on the Preferred Stock, either in cash or in shares of Common Stock, on or prior to the Dividend Payment Date on which the dividend is due, then from that Dividend Payment Date until such time as all accrued but unpaid dividends due on the Preferred Stock have been paid in full, dividends shall accrue on the Preferred Stock at the rate of 15% per annum (compounding monthly).

Section 4. Voting Rights. Except as set forth specifically below, the holder of each share of the Preferred Stock shall be entitled to the number of votes equal to the number of shares of Common Stock into which such share of Preferred Stock would be convertible under the circumstances described in Section 5 hereof on the record date for the vote or consent of shareholders, and shall otherwise have voting rights and powers equal to the voting rights and powers of the Common Stock. The foregoing notwithstanding, with respect to the election of directors, the holders of the Preferred Stock shall vote together as a separate class to elect two (2) members of the Board of Directors (the "Series B Directors"), and the Corporation shall take all reasonably necessary or desirable actions within its control (including, without limitation, calling special meetings of the Board of Directors, nominating such persons designated by the holders of the Preferred Stock as directors on the applicable proxy statements and recommending their election) to permit the holders of

the Preferred Stock to appoint two additional (2) members of the Board of Directors (the "Series B Nominees"), who shall be subject to election by all shares of voting stock of the Corporation voting together as a single group, until such time as the Maximum Amount has been issued, after which the number of Series B Nominees shall be three (3), and shall remain three (3) until there are no longer any shares of Preferred Stock outstanding. The holders of Preferred Stock shall vote together with the holders of Common Stock and other voting capital stock of the Corporation to elect all other members of the Board of Directors. In the event the holders of Preferred Stock do not exercise their right to elect Series B Directors, such holders will be permitted to send a non-voting representative in an observer capacity to all meetings of the Board of Directors of the Corporation, with respect to which reasonable notice shall be provided to such holders, including notice of all written consents taken in lieu of a meeting of the Board of Directors of the Corporation prior to execution of any such consents. Each holder of a share of the Preferred Stock shall be entitled to receive the same prior notice of any shareholders' meeting as provided to the holders of Common Stock in accordance with the Bylaws of the Corporation, as well as prior notice of all shareholder actions to be taken by legally available means in lieu of meeting, and shall vote with holders of the Common Stock upon any matter submitted to a vote of shareholders, except those matters required by law, or by the terms hereof, to be submitted to a class vote of the holders of Preferred Stock.

Section 5. Conversion.

a) Conversions at Option of Holder. Each share of Preferred Stock shall be convertible into that number of shares of Common Stock determined by dividing the Conversion Amount of such share of Preferred Stock by the Conversion Price, at the option of the Holder, at any time and from time to time from and after the Original Issue Date. Holders shall effect conversions by providing the Corporation with the form of conversion notice attached hereto as Annex A (a "Notice of Conversion"). Each Notice of Conversion shall specify the number of shares of Preferred Stock to be converted, the number of shares of Preferred Stock owned prior to the conversion at issue, the number of shares of Preferred Stock owned subsequent to the conversion at issue and the date on which such conversion is to be effected, which date may not be prior to the date the Holder delivers such Notice of Conversion to the Corporation by facsimile (the "Voluntary Conversion Date"). If no Conversion Date is specified in a Notice of Conversion, the Voluntary Conversion Date shall be the date that such Notice of Conversion to the Corporation is deemed delivered hereunder. The calculations and entries set forth in the Notice of Conversion shall control in the absence of manifest or mathematical error. To effect conversions of shares of Preferred Stock, a Holder shall surrender the certificate(s) representing such shares of Preferred Stock to the Corporation promptly following the Voluntary Conversion Date at issue. Shares of Preferred Stock converted into Common Stock or redeemed in accordance with the terms hereof shall be canceled and may not be reissued. If the number of shares of Preferred Stock represented by the Preferred Stock certificate(s) submitted for conversion is greater than the number of shares of Preferred Stock being converted, then the Corporation shall, as soon as practicable and at the Corporation's expense, issue and deliver to the holder a new Preferred Stock certificate representing the number of shares of Preferred Stock not converted.

b) Conversion Price. The conversion price for the Preferred Stock shall equal $0.50 **(**the "Conversion Price"), subject to adjustment as set forth in Section 6(a).

c) Mandatory Conversion.

i. The Corporation may, at its election and without any action on the part of the Holder, convert each outstanding share of Preferred Stock into that number of shares of Common Stock determined by dividing the Conversion Amount of such share of Preferred Stock by the Conversion Price, which conversion shall be effective on the date the Corporation sends notice of the conversion to the Holder (a "Mandatory Conversion Date"), notwithstanding that the Holder may not receive such notice until after the Mandatory Conversion Date; provided that the Mandatory Conversion Condition is true as of the date of the Mandatory Conversion Date; and further provided that the maximum number of shares of Preferred Stock which may be converted by the Corporation during any thirty (30) day period may not exceed the amount that would result in the issuance of shares of Common Stock greater than ten (10) times the average daily trading volume of the Common Stock for the twenty (20) Trading Days immediately preceding the Mandatory Conversion Date, and if the number of shares of Preferred Stock which may be converted is limited by this proviso, then the number of shares of Preferred Stock which are converted will be proportionally allocated between the Series B-1 Preferred and the Series B-2 Preferred, and the next Mandatory Conversion Date may be no sooner than 30 days after the Mandatory Conversion Date so limited; and further provided that a mandatory conversion pursuant to this Section shall only apply to shares of Preferred Stock for which the Original Issue Date is more than one year before the date of the Mandatory Conversion Date.

ii. As used herein, the "Mandatory Conversion Condition" shall mean any Trading Day (i) on which the closing price of the Common Stock on the Trading Market exceeded $1.50 (as adjusted for stock splits, stock dividends, combinations and similar transactions) for each of the fifteen (15) Trading Days preceding such Trading Day; and (ii) on which the Registration Statement Condition is true. The Mandatory Conversion Date and the Voluntary Conversion Date collectively are referred to in this Certificate of Designation as the "Conversion Date."

iii. On the Mandatory Conversion Date, the outstanding shares of Preferred Stock shall be converted automatically without any further action by the Holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent; provided, however, that each Holder shall surrender the certificate(s) representing such shares of Preferred Stock to the Corporation promptly following receipt of notice of the Mandatory Conversion Date.

d) Mechanics of Conversion.

i. Delivery of Certificate Upon Conversion. Not later than five (5) Trading Days after each Conversion Date (the "Share Delivery Date"), the Corporation shall deliver or cause to be delivered to the Holder (A) a certificate or certificates which, after the

Effective Date, shall be free of restrictive legends and trading restrictions (other than those required by the Purchase Agreement) representing the number of shares of Common Stock being acquired upon the conversion of shares of Preferred Stock, (B) a bank check in the amount of accrued and unpaid dividends (if the Corporation has elected or is required to pay accrued dividends in cash), and (C) in the case of a mandatory conversion pursuant to Section 5(c), a notice setting forth a brief statement of the facts indicating that all conditions to a mandatory conversion had been satisfied as of the Mandatory Conversion Date. After the Effective Date, the Corporation shall, upon request of the Holder, deliver any certificate or certificates required to be delivered by the Corporation under this Section electronically through the Depository Trust Corporation or another established clearing corporation performing similar functions. If in the case of any Notice of Conversion such certificate or certificates are not delivered to or as directed by the applicable Holder by the fifth Trading Day after the Conversion Date, the Holder shall be entitled to elect by written notice to the Corporation at any time on or before its receipt of such certificate or certificates thereafter, to rescind such conversion, in which event the Corporation shall immediately return the certificates representing the shares of Preferred Stock tendered for conversion.

ii. Obligation Absolute; Partial Liquidated Damages. The Corporation's obligations to issue and deliver the Conversion Shares upon conversion of Preferred Stock in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other Person of any obligation to the Corporation or any violation or alleged violation of law by the Holder or any other person, and irrespective of any other circumstance which might otherwise limit such obligation of the Corporation to the Holder in connection with the issuance of such Conversion Shares. In the event a Holder shall elect to convert any or all of its Preferred Stock, the Corporation may not refuse conversion based on any claim that such Holder or any one associated or affiliated with such Holder has been engaged in any violation of law, agreement or for any other reason, unless an injunction from a court, on notice, restraining and or enjoining conversion of all or part of this Preferred Stock shall have been sought and obtained. In the absence of an injunction precluding the same, the Corporation shall issue Conversion Shares upon a properly noticed conversion. Nothing herein shall limit a Holder's right to pursue actual damages for the Corporation's failure to deliver certificates representing shares of Common Stock upon conversion within the period specified herein and such Holder shall have the right to pursue all remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief.

iii. Reservation of Shares Issuable Upon Conversion. The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock solely for the purpose of issuance upon conversion of the Preferred Stock and payment of dividends on the Preferred Stock, each as herein provided, free from preemptive rights or any other actual contingent purchase rights of

persons other than the Holder (and the other Holders of the Preferred Stock), not less than such number of shares of the Common Stock as shall (subject to any additional requirements of the Corporation as to reservation of such shares set forth in the Purchase Agreement) be issuable (taking into account the adjustments and restrictions of Section 6) upon the conversion of all outstanding shares of Preferred Stock. The Corporation covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly and validly authorized, issued and fully paid, nonassessable and, if the Registration Statement is then effective under the Securities Act, registered for public sale in accordance with such Registration Statement.

iv. Fractional Shares. Upon a conversion hereunder, the Corporation shall not be required to issue stock certificates representing fractions of shares of the Common Stock, but may, if otherwise permitted, make a cash payment in respect of any final fraction of a share based on the VWAP as of the Conversion Date. If the Corporation elects not, or is unable, to make such a cash payment, the Holder shall be entitled to receive, in lieu of the final fraction of a share, one whole share of Common Stock.

v. Transfer Taxes. The issuance of certificates for shares of the Common Stock on conversion of Preferred Stock shall be made without charge to the Holder hereof for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such certificate, provided that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate upon conversion in a name other than that of the Holder of such shares of Preferred Stock so converted and the Corporation shall not be required to issue or deliver such certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

Section 6. Certain Adjustments.

a) Stock Dividends and Stock Splits. If the Corporation, at any time while this Preferred Stock is outstanding: (A) pays a stock dividend or otherwise make a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Corporation pursuant to this Preferred Sock), (B) subdivides outstanding shares of Common Stock into a larger number of shares, (C) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (D) issues by reclassification of shares of the Common Stock any shares of capital stock of the Corporation, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 6(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Calculations. All calculations under this Section 6 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 6, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

c) Notice to Holders. Whenever the Conversion Price is adjusted pursuant to any of this Section 6, the Corporation shall promptly mail to each Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

Section 7. Redemption. (a) The Corporation shall at any time, upon the receipt of written notice or notices delivered to the Corporation by any Holders of Preferred Stock on or after the Initial Redemption Date for such shares of Preferred Stock, redeem part or all of the then outstanding shares of Preferred Stock held by such Holders, as specified in such notice or notices, by paying in cash to the Holders thereof in respect of each such share the Redemption Price (defined below), within thirty (30) Trading Days after receipt of such written notice (the "*Redemption Date*"). The price payable for each redeemed share of Preferred Stock (the "*Redemption Price*") shall be equal to the Conversion Amount on the Redemption Date.

(b) The Corporation may, any time on thirty (30) days prior written notice to the Holder, redeem all Preferred Stock which is outstanding for the Redemption Price, provided that the number of shares of Preferred Stock which is outstanding is less than 10% of the number of shares of Preferred Stock originally issued by the Final Purchase Date. Any such redemption by the Corporation shall be effective on the thirtieth (30^{th}) day after notice of redemption is sent by the Corporation to the Holder (a "*Redemption Date*"), and the Holder shall receive payment of the Redemption Price upon surrender of all shares of Preferred Stock called for redemption. After the Redemption Date, all shares of Preferred Stock shall no longer be considered issued and outstanding, and shall have no right to vote on any matter upon which shares would be entitled to vote if still issued and outstanding. Nothing shall prohibit the Holder from exercising any right to convert the Preferred Stock into Common Stock between the date notice of redemption is sent by the Corporation and the Redemption Date.

(c) On or before the date of a scheduled Redemption Date and in connection therewith, each holder of shares of Preferred Stock requesting redemption under Section 7(a) shall, as a condition to such redemption, surrender the certificate representing such shares to the Corporation and shall receive payment of the Redemption Price in cash on the Redemption Date. Unless otherwise provided herein, upon the surrender of any shares for redemption under this Section 7(c), the shares so redeemed shall no longer be issued and outstanding, and upon such payment shall have no right to vote on any matter upon which shares would be entitled to vote if still issued and outstanding. If less than all the shares represented by a surrendered certificate are redeemed, the Corporation shall issue a new certificate representing the unredeemed shares.

(d) The right to redemption established by this Section 7 in respect of Preferred Stock shall be deemed absolute and vested upon the occurrence of the conditions specified herein. In the event the Corporation shall fail for any reason to pay the Redemption Price in cash on the Redemption Date, then the Holder(s) of the Preferred Stock requesting redemption shall, at the option of the Holder(s) on written notice to the Corporation, automatically convert into an obligation of the Corporation bearing interest at the rate of 15% per year and secured by a lien on all assets of the Corporation. The Corporation shall execute a promissory note and security agreement in the form attached hereto as Exhibit A, which shall be held in escrow and released to the Holder when and if the Holder certifies under oath that the Corporation has failed to pay the Redemption Price on the Redemption Date after proper demand on the Corporation. The Corporation agrees to execute any and all such documents that the Holder reasonably requests to perfect its security interest in any assets of the Corporation promptly after the date hereof. In the event the Corporation fails to pay more than one Holder the Redemption Price on a Redemption Date, and by virtue of such acts more than one Holder obtains a lien on the assets of the Corporation, the liens of all Holders shall rank *pari passu*.

Section 8. Liquidation Rights.

(a) In the event of any liquidation, dissolution or winding up of the Corporation, either voluntary or involuntary, the holders of the Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets of the Corporation to the holders of Common Stock by reason of their ownership thereof, but *pari passu* with the holders of the Corporation's Series A Preferred Stock, an amount per share equal to Conversion Amount of the Preferred Stock as of the record date for distribution, provided that the record date for the distribution may be no more than twenty (20) calendar days prior to the date of the distribution. If upon the occurrence of such event, the assets and funds thus distributed among the holders of the Preferred Stock and the Series A Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts and the *pari passu* amounts due in respect of the Series A Preferred Stock, then the entire assets and funds of the Corporation legally available for distribution shall be distributed ratably among the holders of the Preferred Stock and the Series A Preferred Stock in proportion to the preferential amount each such holder is otherwise entitled to receive.

(b) Upon the completion of the distribution required by subparagraph (a) of this Section 8 and any other distribution that may be required with respect to any other series of preferred stock that may from time to time come into existence, the remaining assets of the Corporation available for distribution to shareholders shall be distributed among the holders of Common Stock.

(c) (i) For purposes of this Section 8, a liquidation, dissolution or winding up of the Corporation shall be deemed to be occasioned by, or to include, any of the following (a "*Sale, Merger, or Reorganization*"): (x) the merger or consolidation

of the Corporation into or with another corporation or entity, reorganization or sale of the Corporation, or sale of capital stock by the Corporation, in which the shareholders of the Corporation immediately preceding such merger, consolidation, or reorganization (solely by virtue of their shares or other securities of the Corporation) shall own less than fifty percent (50%) of the voting securities of the surviving corporation; (y) the sale, transfer or lease (but not including a permitted transfer or lease by pledge or mortgage to a *bona fide* lender), whether in a single transaction or pursuant to a series of related transactions or plan, of 50% or more of the assets of the Corporation, based on the fair market value of the Corporation's assets as mutually determined by the Corporation and the holders of at least a majority of the voting power of all then outstanding shares of the Preferred Stock, which assets shall include for these purposes fifty percent (50%) or more of the outstanding voting capital stock of any subsidiaries of the Corporation, the assets of which constitute all or substantially all of the assets of the Corporation and its subsidiaries taken as a whole; or (z) the sale, transfer or lease (but not including a permitted transfer or lease by pledge or mortgage to a *bona fide* lender), whether in a single transaction or pursuant to a series of related transactions, of all or substantially all of the assets of the subsidiaries of the Corporation, the assets of which constitute all or substantially all of the assets of the Corporation and such subsidiaries taken as a whole.

(ii) In any of such events, if the consideration received by the Corporation is other than cash, its value will be deemed its fair market value, as mutually determined by the Corporation and the holders of at least a majority of the voting power of all then outstanding shares of the Preferred Stock.

Section 9. Protective Provisions.

(a) Actions Requiring Majority Approval of Preferred Stock. In addition to any other rights provided by law, so long as any shares of Preferred Stock are then outstanding, except where the vote or written consent of the holders of a greater number of shares is required by law or by another provision of the Articles of Incorporation, without first obtaining the affirmative vote or written consent of the holders of at least a majority of the total number of shares of the Preferred Stock outstanding, voting as a separate class, the Corporation shall not:

(i) change the size of the Corporation's Board of Directors from nine (9) members;

(ii) amend or repeal any provision of, or add any provision to, the Corporation's Articles of Incorporation or Bylaws or file any articles of amendment designating the preferences, limitations and relative rights of any series of preferred stock, or engage in any other action, that would alter or change the preferences, rights, privileges or powers of, or restrictions provided for the benefit of the Preferred Stock;

(iii) create or increase, or authorize the creation or increase of the authorized amount of any additional class or series of shares of stock, unless the same ranks junior to

the Preferred Stock as to dividends, redemption and the distribution of assets on the liquidation, dissolution or winding up of the Corporation; or create or authorize any obligation or security convertible into shares of Common Stock, Preferred Stock or any other class or series of stock, whether voting or non-voting, unless an adequate number of shares have been reserved for the issuance of such shares of Common Stock, Preferred Stock or other class or series of stock upon such conversion; regardless of whether any such creation, authorization or increase shall be by means of amendment to the Articles of Incorporation, or by merger, consolidation or otherwise;

(iv) increase or decrease the authorized number of shares of the Preferred Stock;

(v) purchase, redeem or otherwise acquire for value any shares of any class of its capital stock or cause or permit any employee stock ownership plan, including any Employee Stock Ownership Plan as defined in § 4975(e)(7) of the Internal Revenue Code of 1986, as amended, to purchase shares of any class of its capital stock unless the outstanding shares of Preferred Stock, and any other shares of capital stock held by the holders of the Preferred Stock, shall have first been purchased, redeemed or otherwise acquired for value;

(vi) merge or consolidate into or with any other corporation or sell, assign, lease, pledge, encumber or otherwise dispose of all or substantially all of its assets or those of any subsidiary;

(vii) voluntarily or involuntarily liquidate, dissolve or wind up the Corporation or its business;

(viii) pay or declare dividends on any capital stock other than the Preferred Stock, unless the Preferred Stock share ratably in such dividend and all accrued dividends payable with respect to the Preferred Stock have been paid prior to the payment or declaration of such dividend;

(ix) acquire an equitable interest in, or the assets or business of any other entity in any form of transaction;

(x) create or commit the Corporation to enter into a joint venture, licensing agreement or exclusive marketing or other distribution agreement with respect to the Corporation’s products, other than in the ordinary course of business;

(xi) permit the Corporation or any subsidiary of the Corporation to sell or issue any security of such subsidiary to any person or entity other than the Corporation;

(xii) other than Permitted Indebtedness, enter into, create, incur, assume, guarantee or suffer to exist any indebtedness for borrowed money of any kind, including but not limited to, a guarantee, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom;

(xiii) other than Permitted Liens, enter into, create, incur, assume or suffer to exist any Liens of any kind, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom;

(xiv) other than in connection with an Exempt Issuance or the Rights Offering, issue any Common Stock or Common Stock Equivalents;

(xv) increase the number of shares of Common Stock that may be issued pursuant to options, warrants or rights to employees, directors, officers, consultants or advisors above 1,500,000 (which number shall be appropriately adjusted for any stock splits, stock dividends, recapitalizations or similar events);

(xvi) amend the provisions of this Subsection 9(a).

(b) Notwithstanding anything to the contrary contained herein, nothing shall be deemed to limit the Company's ability to consummate the Rights Offering or require the consent of Series B Stockholders or Series B Directors prior to such consummation (other than as may be required by law); provided that nothing herein shall prohibit the Series B Directors from voting on the Rights Offering and its terms as a group with all other directors.

The Corporation agrees that its breach of this Section 9 will result in irreparable harm to the Holders, and therefore the Holder shall be entitled to obtain injunctive relief against the Corporation to preclude any such transaction that would be in violation of this Section, for which the Corporation expressly waives any requirement that the Holder post bond, which remedy shall be in addition to all remedies available to it at law or in equity.

Section 10. Events of Noncompliance.

(a) An "Event of Noncompliance" shall have occurred if:

(i) the Corporation breaches or otherwise fails to perform in any material respect any of the covenants or any of its obligations to the holders of the Preferred Stock and fails to cure such breach or failure after any holder of Preferred Stock provides written notice of such breach or failure and the Corporation had had a reasonable opportunity (but not in any event more than 30 days) to cure such failure or breach; or

(ii) the Corporation or any subsidiary makes an assignment for the benefit of creditors or admits in writing its inability to pay its debts generally as they become due; or an order, judgment or decree is entered adjudicating the Corporation or any subsidiary bankrupt or insolvent; or any order for relief with respect to the Corporation or any subsidiary is entered under the Federal Bankruptcy Code; or the Corporation or any subsidiary petitions or applies to any tribunal for the appointment of a custodian, trustee, receiver or liquidator of the Corporation or any subsidiary or of any substantial part of the assets of the Corporation or any subsidiary, or commences any proceeding (other than a proceeding for the voluntary liquidation and dissolution of a subsidiary) relating to the Corporation or any subsidiary under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction; or any

such petition or application is filed, or any such proceeding is commenced, against the Corporation or any subsidiary and either (a) the Corporation or any such subsidiary by any act indicates its approval thereof, consent thereto or acquiescence therein or (b) such petition, application or proceeding is not dismissed within 60 days.

(b) If an Event of Noncompliance has occurred, and in the event the Series B Directors and Series B Nominees constitute less than a majority of the Corporation's Board of Directors, the number of directors constituting the Corporation's Board of Directors shall, at the request of the holders of a majority of the Preferred Stock then outstanding, be increased by such number which shall, together with the existing Series B Directors and Series B Nominees elected or nominated by the holders of the Preferred Stock, if any, constitute a minimum majority of the Board of Directors, and the holders of Preferred Stock shall have the special right, voting together as a single class (with each share being entitled to one vote) and to the exclusion of all other classes of the Corporation's capital stock, to elect individuals to fill such newly created directorships, to remove any individuals elected to such directorships and to fill any vacancies in such directorships; provided, however, that the special right of the holders of Preferred Stock to elect a majority of the members of the Board of Directors shall exist only after such Event of Noncompliance has continued and remained in effect for 30 days after notice to the Corporation by any holder of Preferred Stock. Such special right may be exercised at the special meeting called pursuant to this subparagraph (b), at any annual or other special meeting of shareholders and, to the extent and in the manner permitted by applicable law, pursuant to a written consent in lieu of a shareholders meeting. Such special right shall continue until such time as there is no longer any Event of Noncompliance in existence, at which time such special right shall terminate subject to revesting upon the occurrence and continuation of any Event of Noncompliance which gives rise to such special right hereunder.

At any time when such special right has vested in the holders of Preferred Stock, a proper officer of the Corporation shall, upon the written request of the holder(s) of at least 10% of the Preferred Stock then outstanding, addressed to the secretary of the Corporation, call a special meeting of the holders of Preferred Stock for the purpose of electing directors pursuant to this subparagraph. Such meeting shall be held at the earliest legally permissible date at the principal office of the Corporation, or at such other place designated by the holders of at least 10% of the Preferred Stock then outstanding who first requested the meeting. If such meeting has not been called by a proper officer of the Corporation within 10 days after personal service of such written request upon the secretary of the Corporation or within 20 days after mailing the same to the secretary of the Corporation at its principal office, then the holders of at least 10% of the Preferred Stock then outstanding may designate in writing one of their number to call such meeting at the expense of the Corporation, and such meeting may be called by such person or entity so designated upon the notice required for annual meetings of shareholders and shall be held at the Corporation's principal office, or at such other place designated by such person. Any holder of Preferred Stock so designated shall be given access to the stock record books of the Corporation for the purpose of causing a meeting of shareholders to be called pursuant to this subparagraph.

At any meeting or at any adjournment thereof at which the holders of Preferred Stock have the special right to elect directors, the presence, in person or by proxy, of the holders of a majority of the Preferred Stock then outstanding shall be required to constitute a quorum for the election or removal of any director by the holders of the Preferred Stock exercising such special right. The vote of a majority of such quorum shall be required to elect or remove any such director. Any director so elected by the holders of Preferred Stock shall continue to serve as a director until the expiration of the lesser of (a) a period of six months following the date on which there is no longer any Event of Noncompliance in existence or (b) the remaining period of the full term for which such director has been elected. After the expiration of such six-month period or when the full term for which such director has been elected ceases (provided that the special right to elect directors has terminated), as the case may be, the number of directors constituting the Board of Directors of the Corporation shall decrease to such number as constituted the whole Board of Directors of the Corporation immediately prior to the occurrence of the Event or Events of Noncompliance giving rise to the special right to elect directors.

If any Event of Noncompliance exists, each holder of Preferred Stock shall also have any other rights which such holder is entitled to under any contract or agreement at any time and any other rights which such holder may have pursuant to applicable law.

Section 11. Miscellaneous.

a) Notices. Any and all notices or other communications or deliveries to be provided by the Holder hereunder, including, without limitation, any Notice of Conversion, shall be in writing and delivered personally, by facsimile, by e-mail or sent by a nationally recognized overnight courier service, addressed to the Corporation, at the address set forth above, facsimile number (617) 928-3450, Attn: Maureen Foley, e-mail address (Foley@pro-pharmaceuticals.com) or such other address, facsimile number or electronic mail address as the Corporation may specify for such purposes by notice to the Holders delivered in accordance with this Section. Any and all notices or other communications or deliveries to be provided by the Corporation hereunder shall be in writing and delivered personally, by facsimile, by e-mail, sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile telephone number, e-mail address or address of such Holder appearing on the books of the Corporation, or if no such facsimile telephone number, e-mail address or address appears, at the principal place of business of the Holder. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the date of transmission (accompanied by confirmation of such transmission), if such notice or communication is delivered via facsimile or e-mail at the facsimile telephone number or e-mail address, as applicable, specified in this Section prior to 5:30 p.m. (New York City time), (ii) the date after the date of transmission (accompanied by confirmation of such transmission), if such notice or communication is delivered via facsimile or e-mail at the facsimile telephone number or e-mail address, as applicable, specified in this Section later than 5:30 p.m. (New York City time) on any date and earlier than 11:59 p.m. (New York City time) on such date, (iii) the first Trading Day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

b) Lost or Mutilated Preferred Stock Certificate. If a Holder's Preferred Stock certificate shall be mutilated, lost, stolen or destroyed, the Corporation shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated certificate, or in lieu of or in substitution for a lost, stolen or destroyed certificate, a new certificate for the shares of Preferred Stock so mutilated, lost, stolen or destroyed but only upon receipt of evidence of such loss, theft or destruction of such certificate, and of the ownership hereof, and indemnity, if requested, all reasonably satisfactory to the Corporation.

c) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Certificate of Designation shall be governed by and construed and enforced in accordance with the internal laws of the State of Nevada, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by any of the Transaction Documents (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in Delaware. Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the such Delaware courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, or such Delaware courts are improper or inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Certificate of Designation and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Certificate of Designation or the transactions contemplated hereby. If either party shall commence an action or proceeding to enforce any provisions of this Certificate of Designation, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorneys fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

d) Waiver. Any waiver by the Corporation or the Holder of a breach of any provision of this Certificate of Designation shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Certificate of Designation. The failure of the Corporation or the Holder to insist upon strict adherence to any term of this Certificate of Designation on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designation. Any waiver must be in writing.

e) Severability. If any provision of this Certificate of Designation is invalid, illegal or unenforceable, the balance of this Certificate of Designation shall remain in effect, and if any provision is inapplicable to any person or circumstance, it shall nevertheless remain

applicable to all other persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates applicable laws governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum permitted rate of interest.

f) Next Trading Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Trading Day, such payment shall be made on the next succeeding Trading Day.

g) Headings. The headings contained herein are for convenience only, do not constitute a part of this Certificate of Designation and shall not be deemed to limit or affect any of the provisions hereof.

h) Status of Converted Preferred Stock. Shares of Preferred Stock may only be issued pursuant to the Purchase Agreement. In case any shares of Preferred Stock shall be converted or reacquired by the Corporation, such shares shall resume the status of authorized but unissued shares of preferred stock and shall no longer be designated as Series B-1 Convertible Preferred Stock or Series B-2 Convertible Preferred Stock.

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RESOLVED, FURTHER, that the Chairman, the president or any vice-president, and the secretary or any assistant secretary, of the Corporation be and they hereby are authorized and directed to prepare and file a Certificate of Designation of Preferences, Rights and Limitations in accordance with the foregoing resolution and the provisions of Nevada law.

IN WITNESS WHEREOF, the undersigned have executed this Certificate this 11 th day of February, 2009.

/s/ Anthony Squeglia
Name: Anthony Squeglia
Title: Chief Financial Officer

/s/ Maureen Foley
Name: Maureen Foley
Title: Secretary

NOTICE OF CONVERSION

SERIES B-1 CONVERTIBLE PREFERRED STOCK

(TO BE EXECUTED BY THE REGISTERED HOLDER IN ORDER TO CONVERT SHARES
OF PREFERRED STOCK)

The undersigned hereby elects to convert the number of shares of Series B-1 Convertible Preferred Stock indicated below, into shares of common stock, par value $0.001 per share (the "Common Stock"), of Pro-Pharmaceuticals, Inc., a Nevada corporation (the "Corporation"), according to the conditions hereof, as of the date written below. If shares are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as reasonably requested by the Corporation in accordance therewith. No fee will be charged to the Holder for any conversion, except for such transfer taxes, if any.

Conversion calculations:

Date to Effect Conversion: _____

Number of shares of Preferred Stock owned prior to Conversion: _____

Number of shares of Preferred Stock to be Converted: _____

Stated Value of shares of Preferred Stock to be Converted: _____

Number of shares of Common Stock to be Issued: _____

Applicable Conversion Price: _____

Number of shares of Preferred Stock subsequent to Conversion: _____

[HOLDER]

By: _____
Name:
Title:

NOTICE OF CONVERSION

SERIES B-2 CONVERTIBLE PREFERRED STOCK

(TO BE EXECUTED BY THE REGISTERED HOLDER IN ORDER TO CONVERT SHARES
OF PREFERRED STOCK)

The undersigned hereby elects to convert the number of shares of Series B-2 Convertible Preferred Stock indicated below, into shares of common stock, par value $0.001 per share (the "Common Stock"), of Pro-Pharmaceuticals, Inc., a Nevada corporation (the "Corporation"), according to the conditions hereof, as of the date written below. If shares are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as reasonably requested by the Corporation in accordance therewith. No fee will be charged to the Holder for any conversion, except for such transfer taxes, if any.

Conversion calculations:

Date to Effect Conversion: _____

Number of shares of Preferred Stock owned prior to Conversion: _____

Number of shares of Preferred Stock to be Converted: _____

Stated Value of shares of Preferred Stock to be Converted: _____

Number of shares of Common Stock to be Issued: _____

Applicable Conversion Price: _____

Number of shares of Preferred Stock subsequent to Conversion: _____

[HOLDER]

By: _____
Name:
Title:

EXHIBIT A

PROMISSORY NOTE

FOR VALUE RECEIVED, Pro-Pharmaceuticals, Inc., a Nevada corporation (the "Maker"), promises to pay to the order of 10X Fund, L.P., a Delaware limited partnership (the "Holder"), or any subsequent Holder, the Redemption Amount that is outstanding from time to time with interest at the rate of 15% per annum, compounded monthly. All principal and accrued interest on this Note shall be payable on the Maturity Date (as hereinafter defined), and until the Maturity Date the Maker shall make quarterly payments of interest, which shall be due on the first day of each calendar quarter, commencing with the first day of the first calendar quarter occuring after the Effective Date of this Note. This Note shall mature on the later the occur of (a) one (1) year after the Effective Date of this Note, or (b) the last Series B-2 Redemption Date to occur with respect to any issue of Series B-2 Convertible Preferred Stock of the Maker.

The "Redemption Amount" shall mean any amount the Maker is required to pay the Holder upon any redemption of Preferred Stock by the due date for payment thereof pursuant to the Certificate of Designation of Preferences, Rights and Limitations of Series B-1 Convertible Preferred Stock and Series B-2 Convertible Preferred Stock of the Maker, as filed with the Secretary of State of Nevada (the "Certificate of Designation").

"Series B-2 Redemption Date" shall have the meaning it is defined to have in the Certificate of Designation.

The "Effective Date" shall mean the date this Note is released from escrow to the Holder pursuant to Section 7(d) of the Certificate of Designation.

In the event any quarterly interest payment is not made within five (5) days of its due date, the Maker shall pay a late charge of five (5%) percent of the amount of the payment, provided that only one (1) such late charge may be collected on any particular payment however long that payment shall remain past due. Upon acceleration of the unpaid principal balance pursuant to this Note, all amounts due under the Note will bear interest at 18% per annum until paid in full. In the event of default on the part of the Maker hereunder, whether by a failure to make a quarterly interest payment or a failure to pay all principal and accrued interest hereunder after demand by the Holder, the unpaid principal shall bear interest at the rate of fifteen percent (18%) per annum from the date of such default until such default is cured.

Maker may prepay any principal amount of this Note in part or whole without premium or penalty upon thirty (30) days prior written notice to the Holder. Any prepayment shall be applied first to accrued interest and the balance to reduction of the outstanding principal. Any such prepayments shall not postpone the due date of any subsequent quarterly payments nor change the amount of such payments unless otherwise agreed to in writing by Holder.

Principal and interest payments are payable at 1099 Forest Lake Terrace, Niceville, FL 32578, or at such other address that Holder may designate.

If from any circumstances whatsoever fulfillment of any provision of this Note at the time performance of such provision shall be due shall involve transcending the limit prescribed

by any applicable usury statute or any other applicable law, with regard to obligations of like character and amount, then, *ipso facto*, the obligation to be fulfilled shall be reduced to the limit of such validity, so that in no event shall any exaction be possible under this Note or under any other instrument evidencing or securing the indebtedness evidenced hereby, that is in excess of the current limit of such validity, but such obligation shall be fulfilled to the limit of such validity.

Presentment for payment, demand, protest and notice of demand, notice of dishonor and notice of nonpayment and all other notices are hereby waived by Maker. No failure to accelerate the debt evidenced hereby by reason of default hereunder, acceptance of a past due installment, or indulgences granted from time to time shall be construed (1) as a novation of this Note or as a restatement of the indebtedness evidenced hereby or as a waiver of such right of acceleration or of the right of the Holder thereafter to insist upon strict compliance with the terms of this Note, or (2) to prevent the exercise of such right of acceleration or any other right granted hereunder or by applicable law; and Maker hereby expressly waives the benefit of any statute or rule of law or equity now provided, or which may hereafter be provided, which would produce a result contrary to or in conflict with the foregoing. No extension of the time for the payment of this Note or any installment due hereunder, made by agreement with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability of the Maker under this Note, either in whole or in part, unless the Holder agrees otherwise in writing. This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

Maker hereby waives and renounces for itself, its heirs, successors and assigns, all rights to the benefits of any statute of limitations, any moratorium, reinstatement, marshaling, forbearance, valuation, stay, extension, redemption, appraisement and exemption now provided, or which may hereafter by provided, by the Constitution and laws of the United States of America and of the State of Massachusetts or Delaware, against the enforcement and collection of the obligations evidenced by this Note except as described above.

In the event this Note is collected by or through an attorney or by the order of a court of competent jurisdiction, all cost of collection, including but not limited to court costs and reasonable attorneys' fees, shall be paid by Maker. This Note is to be construed and enforced according to the laws of the State of Delaware.

PRO-PHARMACEUTICALS, INC.

Witness

By: Anthony Squeglia
Its: Chief Financial Officer

SECURITY AGREEMENT

This Security Agreement is made and entered into this 10th day of February, 2009, by and between PRO-PHARMACEUTICALS, INC. (hereinafter referred to as "Borrower") and 10X FUND, L.P. (hereinafter referred to as "Lender") as follows:

FOR VALUE RECEIVED, and in order to secure payment of any and all indebtedness of the Borrower to the Lender, now existing or hereafter incurred, matured or unmatured, direct or contingent, including any extensions, renewals and substitutions thereof, the Borrower hereby grants to the Lender a security interest in, all of Borrower's furniture, fixtures, equipment, furnishings, leases and lease rights, supplies, inventory, accounts receivable, contract rights, general intangibles, patents, trade secrets, intellectual property of any and every kind, goods and tangible personal property of every kind and nature, including additions, replacements, accessions and proceeds now and hereafter owned and acquired (hereinafter referred to as "Collateral").

This Security Agreement secures the indebtedness of the Borrower as evidenced by that promissory note ("Promissory Note") given by Borrower to Lender of even date herewith in the Redemption Amount (as defined in the Promissory Note). This Security Agreement secures to Lender: (a) the payment of the Promissory Note and all renewals, extensions and modifications of the Promissory Note; (b) the payment of all other sums, with interest, advanced to protect the security of this Security Agreement including all expenditures for taxes, insurance and repairs and maintenance of the Collateral; (c) the performance of Borrower's covenants and agreements under this Security Agreement and the Promissory Note; and (d) any other indebtedness of the Borrower to the Lender, whether now existing or hereafter incurred, matured or unmatured, direct or contingent.

1. UCC FINANCING STATEMENT. A UCC Financing Statement covering the Collateral herein secured shall be filed for record with the appropriate office in Massachusetts, as well as any notices required by the United States Patent and Trademark Office.

2. PROMISSORY NOTE PAYMENTS. Borrower shall promptly pay when due the principal and interest on the debt evidenced by the Promissory Note and any late charges due under the Promissory Note. Unless applicable law provides otherwise, all payments received by Lender shall be applied first to interest due on the indebtedness, second to the principal due on the indebtedness, and third to any late charges outstanding under the Promissory Note.

3. LIENS. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Collateral that may attain priority over this Security Agreement, and all leasehold payment or ground rents, if any. Borrower shall pay these obligations on time directly to the person owed the payment. Borrower shall promptly furnish to Lender receipts evidencing the payments, if requested by Lender. Borrower shall promptly discharge any lien which may have priority over this Security Agreement. If Lender determines that any part of the Collateral is subject to a lien which may attain priority over this Security Agreement Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien within ten (10) days of the giving of notice. The Borrower will defend the Collateral against all other claims or demands of all persons at any time claiming any interest in the Collateral, when such claim is adverse to the rights of the Lender conveyed in this Agreement.

4. COMPLIANCE WITH LAWS. Borrower shall, at all times, fully comply with all local, State and Federal laws, regulations, statutes or ordinances relating to the use of the Collateral and the operation of Borrower's business. Any Hazardous Substance used by Borrower shall be stored, maintained, removed and disposed of in full compliance with all local, State and Federal (EPA/EPD) laws, regulations, statutes or ordinances. "Hazardous Substances" as used herein means and includes, without limitation, petroleum products, flammable explosives, radioactive materials, asbestos (or any material containing asbestos), polychlorinated biphenyls and any other hazardous, toxic, or dangerous waste, substances, or materials defined as such (or any similar term) for the purposes of any State or Federal laws.

5. TRANSFER OF COLLATERAL. The Borrower shall not, without written consent of the Lender, sell, contract to sell, lease, assign or dispose of any interest of any kind in the Collateral, except for the sale of the Collateral in the normal course of business, until this Security Agreement and all debts secured hereby have been fully paid and satisfied. If all or any part of the Collateral, or any interest in the Collateral, is sold or transferred, or if a beneficial interest in Borrower is sold or transferred, or if the Borrower's business is sold, assigned or transferred without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Agreement. Notwithstanding the foregoing, Borrower shall provide written notice by certified mail to the Lender of any sale, assignment or transfer of any interest in the Borrower's business or the Collateral for so long as there are any debts outstanding from Borrower to Lender.

6. CHANGES IN COLLATERAL. The Borrower will keep the Collateral separate and identifiable at the Borrower's business premises and will not remove the Collateral from said location without the Lender's written consent. The Borrower shall promptly notify Lender in writing of any proposed change in the location or ownership of the Borrower's business. The Borrower shall be allowed to improve or replace any portion of the Collateral with collateral of greater or equal value without prior consent of the Lender. In the event Borrower does replace any Collateral with collateral of greater or equal value, Borrower shall not be obligated to give Lender any of the proceeds from the prior held collateral.

7. INSURANCE. Borrower shall maintain at all times fire, liability and other casualty insurance and any other insurance required, including theft, to protect the Collateral and fully secure Borrower's obligation to Lender. The Lender shall be named as an additional insured and loss payee and shall be provided with a Certificate of Coverage. Such insurance coverage may be reduced by Borrower subsequent to the date of closing provided that said coverage is always at least equal to the amount of Borrower's debt to Lender at that time. Such insurance shall be obtained from companies registered to transact business in the State of Massachusetts and said policy shall be issued in the names of Lender and Borrower, as their respective interests may appear, and proof of coverage and copies of all related documents shall be delivered to Lender, upon Lender's request, but at least annually, until such time as all Borrower's obligations to Lender are satisfied.

In the event Borrower fails to maintain the coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Collateral, and Borrower shall be required to pay to Lender the reasonable costs and expenses incurred by Lender in obtaining such coverage.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender

may make proof of loss if not made promptly by Borrower. Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Collateral damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Agreement, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Collateral, or does not answer within ten (10) days after notice from Lender that the insurance carrier has offered to settle the claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Collateral or to pay sums secured by this Agreement, whether or not then due. The ten (10) day period will begin when the notice is given. Unless Lender and Borrower otherwise agree in writing, any application of insurance proceeds to principal shall not extend or postpone the due date of any payments due under the Promissory Note or change the amount of the payments. If the Collateral is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Collateral prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Agreement immediately prior to the acquisition.

8. BUSINESS RECORDS. The Borrower will at all times keep accurate and complete records of its business and upon default or threat of default, the Lender, or any of the Lender's agents, shall have the right to call at the Borrower's place of business during normal hours of business to inspect the books, records, journals, orders, receipts, correspondence and other data relating to its business and the Collateral or to any other transaction between the parties hereto.

9. PROTECTION OF COLLATERAL. The Borrower shall keep the Collateral in good working order and repair and shall not waste or destroy the Collateral or any part thereof. The Borrower shall not use the Collateral in violation of any statute or ordinance and the Lender or its agent shall have the right to examine and inspect the Collateral during normal business hours upon prior notice to Borrower specifying the reasonable cause for the inspection.

10. PROTECTION OF LENDER'S RIGHTS IN THE COLLATERAL. If Borrower fails to perform the covenants and agreements contained in this Security Agreement, or there is a legal proceeding that may significantly affect Lender's rights in the Collateral (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do, and pay for, whatever is necessary to protect the value of the Collateral and Lender's rights in the Collateral. Lender's actions may include paying any sums secured by a lien that has priority over this Security Agreement, appearing in court, paying reasonable attorneys' fees and entering the location where the Collateral is to make repairs. Although Lender may take action under this paragraph, Lender does not have to do so. Any amounts disbursed by Lender under this paragraph shall become additional debt of Borrower secured by this Security Agreement. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Promissory Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

11. DEFAULT. Notwithstanding anything to the contrary herein, the Borrower shall be in default under this Security Agreement upon the occurrence of any of the following events or conditions:

(a) Default in the payment or performance of any term under any Promissory Note, obligations, covenants, liabilities or any other indebtedness of the Borrower, referred to herein or secured hereby, specifically failure to pay when due any amount, principal or interest, payable on the loan made hereunder.

(b) Any warranty, representation or statement made or furnished to the Lender by or on behalf of the Borrower proves to have been false in any material respect when made or furnished.

(c) Sale, transfer or assignment of a majority interest in the Borrower without the prior written consent of the Lender.

(d) Sale, transfer or assignment of substantially all of the assets of the Borrower without prior written consent of the Lender.

(e) Any levy, seizure or attachment of the Collateral.

(f) A change in the location of the Borrower's business without the prior written consent of the Lender, which consent shall not be unreasonably withheld.

(g) Dissolution, termination of existence, insolvency, business failure, appointment of a receiver for any part of the Collateral, assignment for the benefit of creditors or the commencement of any proceeding under any bankruptcy or insolvency law by or against the Borrower or any guarantor or surety for the Borrower.

(h) Default under the business premises lease.

(i) Default under any obligation of Lender's that has been assumed by Borrower.

(j) Failure to maintain adequate insurance as provided in paragraph 7.

(k) Failure to pay all taxes as required by law.

(l) Waste or destruction of the Collateral or any part thereof.

(m) Any event of default hereunder shall also constitute a default under the terms of the Promissory Note.

12. REMEDIES. Upon the occurrence of any such event of default under this Agreement and prior to exercising the appropriate remedies, including, without limitation, the right of acceleration of the indebtedness, the Lender shall give notice of default to the Borrower. The notice shall specify: (1) the default; (2) the action required to cure the default; (3) a date not less than ten (10) days from the date the notice is given to Borrower by which the default must be cured; and (4) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Agreement and sale of the Collateral. If Borrower fails to cure any default prior to the expiration of the ten (10) day period, Lender may invoke any remedies permitted by this Security Agreement without further notice of demand on Borrower.

The Lender may take such action (without notice and without bond, in that Borrower herein expressly waives all rights thereto prior to foreclosure and seizure by Lender) as it deems advisable to protect and enforce its rights against the Borrower and in and to the Collateral, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as the Lender may determine, in its sole discretion, without impairing or otherwise, affecting the other rights and remedies of the Lender under this Security Agreement or under any other agreement between the Lender and the Borrower:

(a) Declare the Promissory Note to be forthwith due and payable, whereupon the same shall become and be immediately due and payable, both as to principal and interest, without presentment and demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the Promissory Note to the contrary notwithstanding.

(b) Receive and retain all the Collateral and proceeds and all other distributions of any kind upon any and all of the Collateral. Borrower agrees to deliver the Collateral to Lender, and the Lender may without legal process, enter the business premises and take possession of all Collateral and proceeds found therein, without being guilty of trespass, forcible entry or detainer.

(c) Exercise any and all rights and remedies afforded the Lender, as a Lender, in possession of Collateral or otherwise, under any and all applicable provisions of law, all of which rights and remedies shall be cumulative, and not exclusive, to the extent permitted by law. All rights of the Lender hereunder shall inure to the benefit of Lender’s successors and assigns and all obligations of the Borrower shall bind Borrower’s successors and assigns.

(d) Take such action as the Lender may elect with respect to the foreclosure, sale, assignment and delivery of the whole, or from time to time any part of, the Collateral, including, without limitation, sell, assign, and deliver the Collateral at any broker’s board or at any private sale in a commercially reasonable manner, or at public auction, after advertisement of the time and place of the sale, for cash, for credit or for other property, for immediate or future delivery, and for such price or prices as the Lender shall determine, on commercially reasonable terms, and the Lender may bid for and purchase the whole or any part of the Collateral so sold free from any right or equity of redemption; to adjourn any such sale or cause the same to be adjourned from time to time to a subsequent time and place announced at the time and place fixed for the sale; to carry out any agreement to sell any item or items of Collateral in accordance with the terms of such agreement, notwithstanding the fact that after the Lender shall have entered into such an agreement, the Promissory Note may have been paid in full.

(e) The proceeds received by the Lender from the disposition or sale of the Collateral shall be retained by the Lender as compensation for the use of the Collateral while in the Borrower’s possession and not as penalty and shall be applied: (1) to the cost, expenses and reasonable attorney’s fees and expenses incurred by the Lender for the collection and for sale and delivery of the Collateral, and (2) to the outstanding principal and interest on the Promissory Note in such order as the Lender may elect. If any proceeds remain after such application, such remainder shall be paid to the Borrower. Without such sale the fair market

value of the property at the time of repossession may be credited upon the amount unpaid by Borrower. In any event, the Borrower agrees to pay the balance forthwith as liquidated damages for the breach of this Agreement.

(f) Notice of any sale at public auction pursuant to paragraph (d) shall be sufficient for all purposes if a written notice of any such sale is give to the Borrower by mailing a copy of a notice of such sale (naming the place, date and time thereof and a brief statement of the nature of the Collateral to be sold) to the Borrower not less than five (5) days prior to any such sale and if a similar notice is published at least once, in a newspaper of general circulation published in Boston, Massachusetts not less than three (3) days nor more than ten (10) days prior to such sale. The Borrower agrees that any disposition of Collateral made pursuant to the foregoing shall be deemed to have been made in a commercially reasonable manner, but the foregoing provision shall not be deemed to limit the right of the Lender to dispose of any item of Collateral in any other manner provided in Article 9 of the Uniform Commercial Code.

13. BORROWER'S CLAIMS AGAINST REPOSSESSED COLLATERAL. If the Lender repossesses the Collateral, the Borrower agrees to send notice by registered mail to the Lender within twenty-four (24) hours after repossession if the Borrower claims any articles not included herein or used as security hereby were contained in the Collateral at the time of repossession. The Borrower agrees that failure to do so shall be a waiver and bar to any subsequent claim therefore. The Borrower hereby waives the right to remove any legal action, brought by the holder hereof, from the court originally acquiring jurisdiction.

14. ATTORNEY'S FEES. In the event Lender is required to take legal action to enforce any of the provisions of this Security Agreement, then in addition to such relief as shall be granted Lender, Lender shall also be entitled to reasonable attorney's fees.

15. NOTICES. Any notice to Borrower provided for in this Security Agreement shall be given by delivering it or mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the address of the Collateral or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address c/o Chief Executive Officer, 1099 Forest Lake Terrace, Niceville, FL 32578, or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Agreement shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

16. TIME OF PERFORMANCE AND WAIVER. In performing any act under this Security Agreement and the Promissory Note secured hereby, time shall be of the essence. The Lender's extension of the time for payment for any indebtedness or the acceptance of only partial or delinquent payments, or the failure of the Lender to enforce strict performance on the part of the Borrower of any covenant, promise or condition herein contained or contained in any other document evidencing the indebtedness owed the Lender by the Borrower shall not operate as a waiver of the right of the Lender thereafter to require that the terms hereof or the terms of such other documents be strictly performed.

17. RIGHTS OF LENDER. The rights and remedies herein conferred upon the Lender shall be cumulative and not alternative and shall be in addition to and not substitution of the rights and remedies conferred by the Uniform Commercial Code (UCC) of the State of Massachusetts. All rights of the Lender hereunder shall inure to the benefit of its successors and assigns and all obligations of the Borrower shall bind its successors and assigns.

Until all sums secured by this Security Agreement have been paid in full, Borrower, on demand of Lender, shall (or cause the same to be done) execute, acknowledge and deliver all such further instruments and papers, take all such further action as may be requested by Lender to effectuate the purposes hereof, or to provide the rights and remedies of Lender contemplated hereby, or to avoid any breach hereof.

18. GOVERNING LAW; SEVERABILITY. This Security Agreement shall be governed by the law of the State of Massachusetts. In the event that any provision or clause of this Security Agreement or the Promissory Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Agreement or the Promissory Note which can be given effect without the conflicting provision. To this end the provisions of this Security Agreement and the Promissory Note are declared to be severable.

19. CONSTRUCTION AND SURVIVAL. This Agreement is the complete agreement between the parties and any contracts previously executed between the parties, along with such other written or verbal representations or warranties as may have been made by either party, their broker, agents, or assigns, are merged into this Agreement and are extinguished, except as set forth herein. The provisions and warranties contained in this Agreement shall survive the closing.

20. BINDING EFFECT. This Agreement shall inure to the benefit of and be binding upon the Lender and the Borrower and their respective heirs, executors, administrators, successors and assigns and legal representatives, and shall survive the closing of this sale.

21. NUMBER AND GENDER. Whenever required by the context, the singular number shall include the plural and the masculine gender shall include the feminine and the neuter.

22. HEADINGS. Headings of sections, subsections and paragraphs in this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Security Agreement on the day and year first above written.

[SIGNATURES ON FOLLOWING PAGE]

PRO-PHARMACEUTICALS, INC., a Nevada corporation

By: Anthony Squeglia
Its: Chief Financial Officer

10X FUND, LP, a Delaware limited partnership

10X Capital Management, LLC, General Partner, a Florida limited liability company

By: Rod Martin
Title: Managing Member

EXHIBIT 4.1

NEITHER THIS WARRANT CERTIFICATE NOR THE WARRANTS REPRESENTED HEREBY NOR ANY SHARES OF COMMON STOCK ISSUABLE UPON THE EXERCISE OF SUCH WARRANTS, NOR ANY INTEREST IN OR RIGHTS UNDER SAME, HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE LAWS OF ANY STATE, AND NEITHER THIS WARRANT CERTIFICATE NOR THE WARRANTS REPRESENTED HEREBY NOR ANY SHARES OF COMMON STOCK ISSUABLE UPON THE EXERCISE OF SUCH WARRANTS, NOR ANY INTEREST IN OR RIGHTS UNDER SAME, MAY BE SOLD OR OTHERWISE TRANSFERRED UNLESS REGISTERED UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

W-2009-A1-__

PRO-PHARMACEUTICALS, INC.

COMMON STOCK PURCHASE WARRANT – CLASS A-1

Pro-Pharmaceuticals, Inc., a Nevada corporation (the "Company"), for value received and subject to the terms set forth below hereby grants to 10X Fund, L.P., a Delaware limited partnership, or its registered successors and assigns (the "Holder"), the right to purchase from the Company at any time or from time to time until the date and time permitted under Section 2.1 below, fully paid and nonassessable shares of the Common Stock, par value $0.001 per share, at the purchase price of fifty cents ($0.50) per share (the "Exercise Price"). The Exercise Price and the number and character of such shares of Common Stock purchasable pursuant to the rights granted under this Warrant are subject to adjustment as provided herein.

1. Definitions. As used herein the following terms, unless the context otherwise requires, have the following respective meanings:

"Common Stock" means the Company's common stock, par value $0.001 per share, and stock of any other class of securities into which such securities may hereafter have been reclassified or changed into, including any stock (other than Common Stock) and other securities of the Company or any other Person (corporate or other) which the Holder of this Warrant at any time shall be entitled to receive, or shall have received, upon the exercise of this Warrant, in lieu of or in addition to Common Stock, or which at any time shall be issuable or shall have been issued in exchange for or in replacement of Common Stock pursuant to Section 3.2 hereof or otherwise.

"*Issue Date"* means , 2009.

"Mandatory Exercise Condition" shall mean any Trading Day on which the Common Stock is trading on a Trading Market and on which the Market Value of the Common Stock for each of the fifteen (15) previous Trading Days exceeded $1.25 per share (as adjusted for stock splits, stock dividends, combinations and similar transactions), and (ii) a Warrant Shares Registration Statement covering the resale of the shares of Common Stock issuable upon exercise of this Warrant is effective.

"*Market Value*" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market (other than the OTC Bulletin Board), the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg Financial L.P. (based on a Trading Day from 9:30 a.m. Eastern Time to 4:00 p.m. Eastern Time); (b) if the Common Stock is then listed or quoted on the OTC Bulletin Board, the average of the high and low price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board; or (c) if the Common Stock is not then listed or quoted on a Trading Market and if prices for the Common Stock are then reported in the "Pink Sheets" published by the Pink Sheets, LLC (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported.

"*Registration Rights Agreement*" means the Registration Rights Agreement, dated as of the Issue Date, to which the Corporation and the original Holder are parties, as amended, modified or supplemented from time to time in accordance with its terms.

"This Warrant" means, collectively, this Warrant and all other stock purchase warrants issued in exchange therefor or replacement thereof.

"*Trading Day*" means a day on which the Common Stock is traded on a Trading Market.

"*Trading Market*" means any one of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the Nasdaq SmallCap Market, the NYSE Alternext US, the New York Stock Exchange, the Nasdaq National Market, the OTC Bulletin Board or the "Pink Sheets."

"*Warrant Shares Registration Statement*" means a registration statement that meets the requirements of the Registration Rights Agreement and registers the resale of all Common Stock into which this Warrant may be exercised by the Holder, who shall be named as a "selling stockholder" thereunder, all as provided in the Registration Rights Agreement.

2. Exercise.

2.1 Exercise Period. The Holder may exercise this Warrant at any time after the Issue Date and before the close of business in Boston, Massachusetts on the fifth (5^{th}) anniversary of the Issue Date (the "Exercise Period"), unless earlier terminated pursuant to Section 2.6 herein.

2.2 Exercise Procedure.

(a) This Warrant will be deemed to have been exercised at such time as the Company has received all of the following items (the "Exercise Date"):

(i) a completed Subscription Agreement as described in Section 2.4 hereof, executed by the Person exercising all or part of the purchase rights represented by this Warrant (the "Purchaser");

(ii) this Warrant;

(iii) if this Warrant is not registered in the name of the Purchaser, an Assignment or Assignments in the form set forth in Exhibit B hereto, evidencing the assignment of this Warrant to the Purchaser together with any documentation required pursuant to Section 8(a) hereof; and

(iv) a check payable to the order of the Company in an amount equal to the product of the Exercise Price multiplied by the number of shares of Common Stock being purchased upon such exercise.

(b) As soon as practicable after the exercise of this Warrant in full or in part, and in any event within ten (10) days after the Exercise Date, the Company at its expense will cause to be issued in the name of and delivered to the Purchaser, or as the Purchaser (upon payment by the Purchaser of any applicable transfer taxes) may direct, a certificate or certificates for the number of fully paid and non-assessable shares of Common Stock to which the Purchaser shall be entitled upon such exercise, together with any other stock or other securities and property (including cash, where applicable) to which the Purchaser is entitled upon exercise.

(c) Unless this Warrant has expired or all of the purchase rights represented hereby have been exercised, the Company at its expense will, within ten (10) days after the Exercise Date, issue and deliver to or upon the order of the Purchaser a new Warrant or Warrants of like tenor, in the name of the Purchaser or as the Purchaser (upon payment by the Purchaser of any applicable transfer taxes) may request, calling in the aggregate on the face or faces thereof for the number of shares of Common Stock remaining issuable under this Warrant.

(d) The Common Stock issuable upon the exercise of this Warrant will be deemed to have been issued to the Purchaser on the Exercise Date, and the Purchaser will be deemed for all purposes to have become the record holder of such Common Stock on the Exercise Date.

(e) The issuance of certificates for shares of Common Stock upon exercise of this Warrant will be made without charge to the Holder or the Purchaser for any issuance tax in respect thereof or any other cost incurred by the Company in connection with such exercise and the related issuance of shares of Common Stock.

(f) The holder represents and warrants that at the time of any exercise of this warrant the holder is an “accredited investor,” as such term is defined in Rule 501 promulgated under the Securities Act and acknowledges and agrees that the Company may, in its sole discretion, (i) require, as a condition to the exercise of this Warrant, that the holder provide such written evidence that such holder is an accredited investor as the time of exercise, and (ii) decline to issue the shares of Common Stock issuable upon such exercise if the Company is not satisfied that this warrant may be exercised by the holder pursuant to a valid registration exemption from the Securities Act and any applicable state securities law.

2.3 Acknowledgement of Continuing Obligations. The Company will, at the time of the exercise of this Warrant, upon the request of the Purchaser, acknowledge in writing its continuing obligation to afford to the Purchaser any rights to which the Purchaser shall continue to be entitled after such exercise in accordance with the provisions of this Warrant, provided that if the Purchaser shall fail to make any such request, such failure shall not affect the continuing obligation of the Company to afford to the Purchaser any such rights.

2.4 Subscription Agreement. The Subscription Agreement will be substantially in the form set forth in Exhibit A hereto, except that if the shares of Common Stock issuable upon exercise of this Warrant are not to be issued in the name of the Purchaser, the Subscription Agreement will also state the name of the Person to whom the certificates for the shares of Common Stock are to be issued, and if the number of shares of Common Stock to be issued does not include all the shares of Common Stock issuable hereunder, it will also state the name of the Person to whom a new Warrant for the unexercised portion of the rights hereunder is to be delivered.

2.5 Fractional Shares. If a fractional share of Common Stock would, but for the provisions of Section 2.1 hereof, be issuable upon exercise of the rights represented by this Warrant, the Company will, within ten (10) days after the Exercise Date, deliver to the Purchaser a check payable to the Purchaser in lieu of such fractional share, in an amount equal to the Market Value of such fractional share as of the close of business on the Exercise Date.

2.6 Mandatory Exercise. The Company may in its sole discretion, on any Trading Day as to which the Mandatory Exercise Condition is true, send the Holder a notice of termination (a "Termination Notice") of this Warrant, which shall provide that this Warrant shall terminate as of the close of business thirty (30) days after the date of the Termination Notice (the "Termination Date"), and this Warrant shall terminate and be no longer exercisable to the extent it has not been exercised on or before the Termination Date; provided that any Termination Notice shall be null, void and of no legal effect in the event the Warrant Shares Registration Statement is no longer effective as of the Termination Date for the Termination Notice.

3. Adjustments.

3.1 Adjustments for Stock Splits, Etc. If the Company shall at any time after the Issue Date subdivide its outstanding Common Stock, by split-up or otherwise, or combine its outstanding Common Stock, or issue additional shares of its capital stock in payment of a stock dividend in respect of its Common Stock, the number of shares issuable on the exercise of the unexercised portion of this Warrant shall forthwith be proportionately increased in the case of a subdivision or stock dividend, or proportionately decreased in the case of a combination, and the Exercise Price then applicable to shares covered by the unexercised portion of this Warrant shall forthwith be proportionately decreased in the case of a subdivision or stock dividend, or proportionately increased in the case of combination.

3.2 Adjustment for Reclassification, Reorganization, Etc. In case of any reclassification, capital reorganization, or change of the outstanding Common Stock (other than as a result of a subdivision, combination or stock dividend), or in the case of any consolidation of the Company with, or merger of the Company into, another Person (other than a consolidation or merger in which the Company is the continuing corporation and which does not result in any reclassification or change of the outstanding Common Stock of the Company), or in case of any sale or conveyance to one or more Persons of the property of the Company as an entirety or substantially as an entirety at any time prior to the expiration of this Warrant, then, as a condition of such reclassification, reorganization, change, consolidation, merger, sale or conveyance,

lawful provision shall be made, and duly executed documents evidencing the same from the Company or its successor shall be delivered to the Holder of this Warrant, so that the Holder of this Warrant shall have the right at any time prior to the expiration of this Warrant to purchase, at a total price not to exceed that payable upon the exercise of the unexercised portion of this Warrant, the kind and amount of shares of stock and other securities and property receivable upon such reclassification, reorganization, change, consolidation, merger, sale or conveyance by a holder of the number of shares of Common Stock of the Company as to which this Warrant was exercisable immediately prior to such reclassification, reorganization, change, consolidation, merger, sale or conveyance, and in any such case appropriate provision shall be made with respect to the rights and interests of the Holder of this Warrant to the end that the provisions hereof (including, without limitation, provisions for the adjustment of the Exercise Price and of the number of shares purchasable upon exercise of this Warrant) shall thereafter be applicable in relation to any shares of stock, and other securities and property, thereafter deliverable upon exercise hereof. If, as a consequence of any such transaction, solely cash, and no securities or other property of any kind, is deliverable upon exercise of this Warrant, then, in such event, the Company may terminate this Warrant by giving the Holder hereof written notice thereof. Such notice shall specify the date (at least thirty (30) days subsequent to the date on which notice is given) on which, at 3:00 P.M., Boston, Massachusetts time, this Warrant shall terminate. Notwithstanding any such notice, this Warrant shall remain exercisable, and otherwise in full force and effect, until such time of termination.

3.3 Certificate of Adjustment. Whenever the Exercise Price or the number of shares issuable hereunder is adjusted, as herein provided, the Company shall promptly deliver to the registered Holder of this Warrant a certificate of the Treasurer of the Company, which certificate shall state (i) the Exercise Price and the number of shares of Common Stock issuable hereunder after such adjustment, (ii) the facts requiring such adjustment, and (iii) the method of calculation for such adjustment and increase or decrease.

3.4 Small Adjustments. No adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease in the Exercise Price of at least one percent; provided, however, that any adjustments which by reason of this Section 3.5 are not required to be made immediately shall be carried forward and taken into account at the time of exercise of this Warrant or any subsequent adjustment in the Exercise Price which, singly or in combination with any adjustment carried forward, is required to be made under Sections 3.1 or 3.2.

4. Reservation of Stock, etc., Issuable on Exercise of Warrant. The Company will at all times reserve and keep available, solely for issuance and delivery upon the exercise of this Warrant, all shares of Common Stock from time to time issuable upon the exercise of this Warrant.

5. Disposition of This Warrant, Common Stock, Etc.

(a) The Holder of this Warrant and any transferee hereof or of the Common Stock with respect to which this Warrant may be exercisable, by their acceptance hereof, hereby understand and agree that this Warrant and the Common Stock with respect to which this Warrant may be exercisable have not been registered under the Securities Act, and may not be sold, pledged, hypothecated, donated, or otherwise transferred (whether or not for consideration) without an effective registration statement under the Act or an opinion of counsel satisfactory to the

Company and/or submission to the Company of such other evidence as may be satisfactory to counsel to the Company, in each such case, to the effect that any such transfer shall not be in violation of the Act. It shall be a condition to the transfer of this Warrant that any transferee thereof deliver to the Company its written agreement to accept and be bound by all of the terms and conditions of this Warrant. The foregoing notwithstanding, the Company acknowledges its obligations as set forth in the Registration Rights Agreement to register the shares of Common Stock issuable upon exercise hereof.

(b) Except to the extent the resale of the shares of Common Stock issuable upon exercise hereof are registered for resale, or may be sold to the public pursuant to Rule 144(b)(1) under the Securities Act, the certificates of the Company that will evidence the shares of Common Stock with respect to which this Warrant may be exercisable will be imprinted with a conspicuous legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE SOLD, PLEDGED, HYPOTHECATED, DONATED OR OTHERWISE TRANSFERRED (WHETHER OR NOT FOR CONSIDERATION) BY THE HOLDER WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY AND/OR SUBMISSION TO THE COMPANY OF SUCH OTHER EVIDENCE AS MAY BE SATISFACTORY TO COUNSEL TO THE COMPANY, IN EACH SUCH CASE, TO THE EFFECT THAT ANY SUCH TRANSFER SHALL NOT BE IN VIOLATION OF THE ACT."

Except as set forth in the Registration Rights Agreement, the Company has not agreed to register any of the Holder's shares of Common Stock of the Company with respect to which this Warrant may be exercisable for distribution in accordance with the provisions of the Securities Act, and the Company has not agreed to comply with any exemption from registration under the Act for the resale of the Holder's shares of Common Stock with respect to which this Warrant may be exercised. Hence, it is the understanding of the Holder of this Warrant that by virtue of the provisions of certain rules respecting "restricted securities" promulgated by the SEC, the shares of Common Stock of the Company with respect to which this Warrant may be exercisable may be required to be held indefinitely, unless and until registered under the Securities Act (as contemplated by the Registration Rights Agreement), unless an exemption from such registration is available, in which case the Holder may still be limited as to the number of shares of Common Stock of the Company with respect to which this Warrant may be exercised that may be sold from time to time.

6. Rights and Obligations of Warrant Holder. The Holder of this Warrant shall not, by virtue hereof, be entitled to any voting rights or other rights as a stockholder of the Company. No provision of this Warrant, in the absence of affirmative actions by the Holder to purchase Common Stock of the Company by exercising this Warrant, and no enumeration in this Warrant of the rights or privileges of the Holder, will give rise to any liability of such Holder for the Exercise Price of Common Stock acquirable by exercise hereof or as a stockholder of the Company.

7. Transfer of Warrants. Subject to compliance with the restrictions on transfer applicable to this Warrant referred to in Section 5 hereof, this Warrant and all rights hereunder are transferable, in whole or in part, without charge to the registered Holder, upon surrender of this Warrant with a properly executed Assignment (in substantially the form attached hereto as Exhibit B), to the Company, and the Company at its expense will issue and deliver to or upon the order of the Holder hereof a new Warrant or Warrants in such denomination or denominations as may be requested, but otherwise of like tenor, in the name of the Holder or as the Holder (upon payment of any applicable transfer taxes) may direct.

8. Replacement of Warrants. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of any Warrant and, in the case of any such loss, theft or destruction, upon delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of any such mutilation, upon surrender and cancellation of such Warrant, the Company at its expense will execute and deliver, in lieu thereof, a new Warrant of like tenor.

9. Company Records. Until this Warrant is transferred on the books of the Company, the Company may treat the registered Holder hereof as the absolute owner hereof for all purposes, notwithstanding any notice to the contrary.

10. Miscellaneous.

10.1 Notices. All notices and other communications from the Company to the Holder of this Warrant shall be mailed by first class mail, postage prepaid, to such address as may have been furnished to the Company in writing by such Holder, or, until an address is so furnished, to and at the address of the last Holder of this Warrant who has so furnished an address to the Company. All communications from the Holder of this Warrant to the Company shall be mailed by first class mail, postage prepaid, to Pro-Pharmaceuticals, Inc., 7 Wells Avenue, Newton, MA 02459 Attn: Chief Financial Officer, or such other address as may have been furnished to the Holder in writing by the Company.

10.2 Amendment and Waiver. Except as otherwise provided herein, this Warrant and any term hereof may be amended, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such amendment, waiver, discharge or termination is sought.

10.3 Governing Law; Descriptive Headings. This Warrant shall be construed and enforced in accordance with and governed by the laws of the State of Delaware. The headings in this Warrant are for purposes of reference only, and shall not limit or otherwise affect any of the terms hereof.

[SIGNATURE ON FOLLOWING PAGE]

Dated: February , 2009.

PRO-PHARMACEUTICALS, INC.

By: _____
Name: Anthony Squeglia
Title: Chief Financial Officer

EXHIBIT A

SUBSCRIPTION AGREEMENT

[To be signed only upon exercise of Warrant]

To: Date:

The undersigned, the Holder of the within Warrant, pursuant to the provisions set forth in the within Warrant, hereby irrevocably elects to exercise the purchase rights represented by such Warrant for, and agrees to subscribe for and purchase thereunder, shares of the Common Stock covered by such Warrant and herewith makes payment of $ therefor, and requests that the certificates for such shares be issued in the name of, and delivered to, , whose address is: . If said number of shares is less than all the shares covered by such Warrant, a new Warrant shall be registered in the name of the undersigned and delivered to the address stated below.

Signature _____

(Signature must conform in all respects to name of Holder as specified on the face of the Warrant or on the form of Assignment attached as Exhibit B thereto.)

Address _____

_____

[Signature Guarantee]

EXHIBIT B

ASSIGNMENT

[To be signed only upon transfer of Warrant]

For value received, the undersigned hereby sells, assigns and transfers all of the rights of the undersigned under the within Warrant with respect to the number of shares of the Common Stock covered thereby set forth below, unto:

Name of Assignee	*Address*	*No. of Shares*

Dated:

Signature _____

(Signature must conform in all respects to name of Holder as specified on the face of the Warrant.)

Address _____

_____

[Signature Guarantee]

EXHIBIT 4.2

NEITHER THIS WARRANT CERTIFICATE NOR THE WARRANTS REPRESENTED HEREBY NOR ANY SHARES OF COMMON STOCK ISSUABLE UPON THE EXERCISE OF SUCH WARRANTS, NOR ANY INTEREST IN OR RIGHTS UNDER SAME, HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE LAWS OF ANY STATE, AND NEITHER THIS WARRANT CERTIFICATE NOR THE WARRANTS REPRESENTED HEREBY NOR ANY SHARES OF COMMON STOCK ISSUABLE UPON THE EXERCISE OF SUCH WARRANTS, NOR ANY INTEREST IN OR RIGHTS UNDER SAME, MAY BE SOLD OR OTHERWISE TRANSFERRED UNLESS REGISTERED UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

W-2009-A2-

PRO-PHARMACEUTICALS, INC.

COMMON STOCK PURCHASE WARRANT – CLASS A-2

Pro-Pharmaceuticals, Inc., a Nevada corporation (the "Company"), for value received and subject to the terms set forth below hereby grants to 10X Fund, L.P., a Delaware limited partnership, or its registered successors and assigns (the "Holder"), the right to purchase from the Company at any time or from time to time until the date and time permitted under Section 2.1 below, fully paid and nonassessable shares of the Common Stock, par value $0.001 per share, at the purchase price of fifty cents ($0.50) per share (the "Exercise Price"). The Exercise Price and the number and character of such shares of Common Stock purchasable pursuant to the rights granted under this Warrant are subject to adjustment as provided herein.

1. Definitions. As used herein the following terms, unless the context otherwise requires, have the following respective meanings:

"*Common Stock*" means the Company's common stock, par value $0.001 per share, and stock of any other class of securities into which such securities may hereafter have been reclassified or changed into, including any stock (other than Common Stock) and other securities of the Company or any other Person (corporate or other) which the Holder of this Warrant at any time shall be entitled to receive, or shall have received, upon the exercise of this Warrant, in lieu of or in addition to Common Stock, or which at any time shall be issuable or shall have been issued in exchange for or in replacement of Common Stock pursuant to Section 3.2 hereof or otherwise.

"*Issue Date*" means , 2009.

"*Mandatory Exercise Condition*" shall mean any Trading Day on which the Common Stock is trading on a Trading Market and on which the Market Value of the Common Stock for each of the fifteen (15) previous Trading Days exceeded $1.75 per share (as adjusted for stock splits, stock dividends, combinations and similar transactions), and (ii) a Warrant Shares Registration Statement covering the resale of the shares of Common Stock issuable upon exercise of this Warrant is effective.

"*Market Value*" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market (other than the OTC Bulletin Board), the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg Financial L.P. (based on a Trading Day from 9:30 a.m. Eastern Time to 4:00 p.m. Eastern Time); (b) if the Common Stock is then listed or quoted on the OTC Bulletin Board, the average of the high and low price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board; or (c) if the Common Stock is not then listed or quoted on a Trading Market and if prices for the Common Stock are then reported in the "Pink Sheets" published by the Pink Sheets, LLC (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported.

"*Registration Rights Agreement*" means the Registration Rights Agreement, dated as of the Issue Date, to which the Corporation and the original Holder are parties, as amended, modified or supplemented from time to time in accordance with its terms.

"This Warrant" means, collectively, this Warrant and all other stock purchase warrants issued in exchange therefor or replacement thereof.

"*Trading Day*" means a day on which the Common Stock is traded on a Trading Market.

"*Trading Market*" means any one of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the Nasdaq SmallCap Market, the NYSE Alternext US, the New York Stock Exchange, the Nasdaq National Market, the OTC Bulletin Board or the "Pink Sheets."

"*Warrant Shares Registration Statement*" means a registration statement that meets the requirements of the Registration Rights Agreement and registers the resale of all Common Stock into which this Warrant may be exercised by the Holder, who shall be named as a "selling stockholder" thereunder, all as provided in the Registration Rights Agreement.

2. Exercise.

2.1 Exercise Period. The Holder may exercise this Warrant at any time after the Issue Date and before the close of business in Boston, Massachusetts on the fifth (5^{th}) anniversary of the Issue Date (the "Exercise Period"), unless earlier terminated pursuant to Section 2.6 herein.

2.2 Exercise Procedure.

(a) This Warrant will be deemed to have been exercised at such time as the Company has received all of the following items (the "Exercise Date"):

(i) a completed Subscription Agreement as described in Section 2.4 hereof, executed by the Person exercising all or part of the purchase rights represented by this Warrant (the "Purchaser");

(ii) this Warrant;

(iii) if this Warrant is not registered in the name of the Purchaser, an Assignment or Assignments in the form set forth in Exhibit B hereto, evidencing the assignment of this Warrant to the Purchaser together with any documentation required pursuant to Section 8(a) hereof; and

(iv) a check payable to the order of the Company in an amount equal to the product of the Exercise Price multiplied by the number of shares of Common Stock being purchased upon such exercise.

(b) As soon as practicable after the exercise of this Warrant in full or in part, and in any event within ten (10) days after the Exercise Date, the Company at its expense will cause to be issued in the name of and delivered to the Purchaser, or as the Purchaser (upon payment by the Purchaser of any applicable transfer taxes) may direct, a certificate or certificates for the number of fully paid and non-assessable shares of Common Stock to which the Purchaser shall be entitled upon such exercise, together with any other stock or other securities and property (including cash, where applicable) to which the Purchaser is entitled upon exercise.

(c) Unless this Warrant has expired or all of the purchase rights represented hereby have been exercised, the Company at its expense will, within ten (10) days after the Exercise Date, issue and deliver to or upon the order of the Purchaser a new Warrant or Warrants of like tenor, in the name of the Purchaser or as the Purchaser (upon payment by the Purchaser of any applicable transfer taxes) may request, calling in the aggregate on the face or faces thereof for the number of shares of Common Stock remaining issuable under this Warrant.

(d) The Common Stock issuable upon the exercise of this Warrant will be deemed to have been issued to the Purchaser on the Exercise Date, and the Purchaser will be deemed for all purposes to have become the record holder of such Common Stock on the Exercise Date.

(e) The issuance of certificates for shares of Common Stock upon exercise of this Warrant will be made without charge to the Holder or the Purchaser for any issuance tax in respect thereof or any other cost incurred by the Company in connection with such exercise and the related issuance of shares of Common Stock.

(f) The holder represents and warrants that at the time of any exercise of this warrant the holder is an “accredited investor,” as such term is defined in Rule 501 promulgated under the Securities Act and acknowledges and agrees that the Company may, in its sole discretion, (i) require, as a condition to the exercise of this Warrant, that the holder provide such written evidence that such holder is an accredited investor as the time of exercise, and (ii) decline to issue the shares of Common Stock issuable upon such exercise if the Company is not satisfied that this warrant may be exercised by the holder pursuant to a valid registration exemption from the Securities Act and any applicable state securities law.

2.3 Acknowledgement of Continuing Obligations. The Company will, at the time of the exercise of this Warrant, upon the request of the Purchaser, acknowledge in writing its continuing obligation to afford to the Purchaser any rights to which the Purchaser shall continue to be entitled after such exercise in accordance with the provisions of this Warrant, provided that if the Purchaser shall fail to make any such request, such failure shall not affect the continuing obligation of the Company to afford to the Purchaser any such rights.

2.4 Subscription Agreement. The Subscription Agreement will be substantially in the form set forth in Exhibit A hereto, except that if the shares of Common Stock issuable upon exercise of this Warrant are not to be issued in the name of the Purchaser, the Subscription Agreement will also state the name of the Person to whom the certificates for the shares of Common Stock are to be issued, and if the number of shares of Common Stock to be issued does not include all the shares of Common Stock issuable hereunder, it will also state the name of the Person to whom a new Warrant for the unexercised portion of the rights hereunder is to be delivered.

2.5 Fractional Shares. If a fractional share of Common Stock would, but for the provisions of Section 2.1 hereof, be issuable upon exercise of the rights represented by this Warrant, the Company will, within ten (10) days after the Exercise Date, deliver to the Purchaser a check payable to the Purchaser in lieu of such fractional share, in an amount equal to the Market Value of such fractional share as of the close of business on the Exercise Date.

2.6 Mandatory Exercise. The Company may in its sole discretion, on any Trading Day as to which the Mandatory Exercise Condition is true, send the Holder a notice of termination (a “Termination Notice”) of this Warrant, which shall provide that this Warrant shall terminate as of the close of business thirty (30) days after the date of the Termination Notice (the “Termination Date”), and this Warrant shall terminate and be no longer exercisable to the extent it has not been exercised on or before the Termination Date; provided that any Termination Notice shall be null, void and of no legal effect in the event the Warrant Shares Registration Statement is no longer effective as of the Termination Date for the Termination Notice.

3. Adjustments.

3.1 Adjustments for Stock Splits, Etc. If the Company shall at any time after the Issue Date subdivide its outstanding Common Stock, by split-up or otherwise, or combine its outstanding Common Stock, or issue additional shares of its capital stock in payment of a stock dividend in respect of its Common Stock, the number of shares issuable on the exercise of the unexercised portion of this Warrant shall forthwith be proportionately increased in the case of a subdivision or stock dividend, or proportionately decreased in the case of a combination, and the Exercise Price then applicable to shares covered by the unexercised portion of this Warrant shall forthwith be proportionately decreased in the case of a subdivision or stock dividend, or proportionately increased in the case of combination.

3.2 Adjustment for Reclassification, Reorganization, Etc. In case of any reclassification, capital reorganization, or change of the outstanding Common Stock (other than as a result of a subdivision, combination or stock dividend), or in the case of any consolidation of the Company with, or merger of the Company into, another Person (other than a consolidation or merger in which the Company is the continuing corporation and which does not result in any

reclassification or change of the outstanding Common Stock of the Company), or in case of any sale or conveyance to one or more Persons of the property of the Company as an entirety or substantially as an entirety at any time prior to the expiration of this Warrant, then, as a condition of such reclassification, reorganization, change, consolidation, merger, sale or conveyance, lawful provision shall be made, and duly executed documents evidencing the same from the Company or its successor shall be delivered to the Holder of this Warrant, so that the Holder of this Warrant shall have the right at any time prior to the expiration of this Warrant to purchase, at a total price not to exceed that payable upon the exercise of the unexercised portion of this Warrant, the kind and amount of shares of stock and other securities and property receivable upon such reclassification, reorganization, change, consolidation, merger, sale or conveyance by a holder of the number of shares of Common Stock of the Company as to which this Warrant was exercisable immediately prior to such reclassification, reorganization, change, consolidation, merger, sale or conveyance, and in any such case appropriate provision shall be made with respect to the rights and interests of the Holder of this Warrant to the end that the provisions hereof (including, without limitation, provisions for the adjustment of the Exercise Price and of the number of shares purchasable upon exercise of this Warrant) shall thereafter be applicable in relation to any shares of stock, and other securities and property, thereafter deliverable upon exercise hereof. If, as a consequence of any such transaction, solely cash, and no securities or other property of any kind, is deliverable upon exercise of this Warrant, then, in such event, the Company may terminate this Warrant by giving the Holder hereof written notice thereof. Such notice shall specify the date (at least thirty (30) days subsequent to the date on which notice is given) on which, at 3:00 P.M., Boston, Massachusetts time, this Warrant shall terminate. Notwithstanding any such notice, this Warrant shall remain exercisable, and otherwise in full force and effect, until such time of termination.

3.3 Certificate of Adjustment. Whenever the Exercise Price or the number of shares issuable hereunder is adjusted, as herein provided, the Company shall promptly deliver to the registered Holder of this Warrant a certificate of the Treasurer of the Company, which certificate shall state (i) the Exercise Price and the number of shares of Common Stock issuable hereunder after such adjustment, (ii) the facts requiring such adjustment, and (iii) the method of calculation for such adjustment and increase or decrease.

3.4 Small Adjustments. No adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease in the Exercise Price of at least one percent; provided, however, that any adjustments which by reason of this Section 3.5 are not required to be made immediately shall be carried forward and taken into account at the time of exercise of this Warrant or any subsequent adjustment in the Exercise Price which, singly or in combination with any adjustment carried forward, is required to be made under Sections 3.1 or 3.2.

4. Reservation of Stock, etc., Issuable on Exercise of Warrant. The Company will at all times reserve and keep available, solely for issuance and delivery upon the exercise of this Warrant, all shares of Common Stock from time to time issuable upon the exercise of this Warrant.

5. Disposition of This Warrant, Common Stock, Etc.

(a) The Holder of this Warrant and any transferee hereof or of the Common Stock with respect to which this Warrant may be exercisable, by their acceptance hereof, hereby understand

and agree that this Warrant and the Common Stock with respect to which this Warrant may be exercisable have not been registered under the Securities Act, and may not be sold, pledged, hypothecated, donated, or otherwise transferred (whether or not for consideration) without an effective registration statement under the Act or an opinion of counsel satisfactory to the Company and/or submission to the Company of such other evidence as may be satisfactory to counsel to the Company, in each such case, to the effect that any such transfer shall not be in violation of the Act. It shall be a condition to the transfer of this Warrant that any transferee thereof deliver to the Company its written agreement to accept and be bound by all of the terms and conditions of this Warrant. The foregoing notwithstanding, the Company acknowledges its obligations as set forth in the Registration Rights Agreement to register the shares of Common Stock issuable upon exercise hereof.

(b) Except to the extent the resale of the shares of Common Stock issuable upon exercise hereof are registered for resale, or may be sold to the public pursuant to Rule 144(b)(1) under the Securities Act, the certificates of the Company that will evidence the shares of Common Stock with respect to which this Warrant may be exercisable will be imprinted with a conspicuous legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE SOLD, PLEDGED, HYPOTHECATED, DONATED OR OTHERWISE TRANSFERRED (WHETHER OR NOT FOR CONSIDERATION) BY THE HOLDER WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY AND/OR SUBMISSION TO THE COMPANY OF SUCH OTHER EVIDENCE AS MAY BE SATISFACTORY TO COUNSEL TO THE COMPANY, IN EACH SUCH CASE, TO THE EFFECT THAT ANY SUCH TRANSFER SHALL NOT BE IN VIOLATION OF THE ACT."

Except as set forth in the Registration Rights Agreement, the Company has not agreed to register any of the Holder's shares of Common Stock of the Company with respect to which this Warrant may be exercisable for distribution in accordance with the provisions of the Securities Act, and the Company has not agreed to comply with any exemption from registration under the Act for the resale of the Holder's shares of Common Stock with respect to which this Warrant may be exercised. Hence, it is the understanding of the Holder of this Warrant that by virtue of the provisions of certain rules respecting "restricted securities" promulgated by the SEC, the shares of Common Stock of the Company with respect to which this Warrant may be exercisable may be required to be held indefinitely, unless and until registered under the Securities Act (as contemplated by the Registration Rights Agreement), unless an exemption from such registration is available, in which case the Holder may still be limited as to the number of shares of Common Stock of the Company with respect to which this Warrant may be exercised that may be sold from time to time.

6. Rights and Obligations of Warrant Holder. The Holder of this Warrant shall not, by virtue hereof, be entitled to any voting rights or other rights as a stockholder of the Company. No provision of this Warrant, in the absence of affirmative actions by the Holder to purchase Common Stock of the Company by exercising this Warrant, and no enumeration in this Warrant

of the rights or privileges of the Holder, will give rise to any liability of such Holder for the Exercise Price of Common Stock acquirable by exercise hereof or as a stockholder of the Company.

7. Transfer of Warrants. Subject to compliance with the restrictions on transfer applicable to this Warrant referred to in Section 5 hereof, this Warrant and all rights hereunder are transferable, in whole or in part, without charge to the registered Holder, upon surrender of this Warrant with a properly executed Assignment (in substantially the form attached hereto as Exhibit B), to the Company, and the Company at its expense will issue and deliver to or upon the order of the Holder hereof a new Warrant or Warrants in such denomination or denominations as may be requested, but otherwise of like tenor, in the name of the Holder or as the Holder (upon payment of any applicable transfer taxes) may direct.

8. Replacement of Warrants. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of any Warrant and, in the case of any such loss, theft or destruction, upon delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of any such mutilation, upon surrender and cancellation of such Warrant, the Company at its expense will execute and deliver, in lieu thereof, a new Warrant of like tenor.

9. Company Records. Until this Warrant is transferred on the books of the Company, the Company may treat the registered Holder hereof as the absolute owner hereof for all purposes, notwithstanding any notice to the contrary.

10. Miscellaneous.

10.1 Notices. All notices and other communications from the Company to the Holder of this Warrant shall be mailed by first class mail, postage prepaid, to such address as may have been furnished to the Company in writing by such Holder, or, until an address is so furnished, to and at the address of the last Holder of this Warrant who has so furnished an address to the Company. All communications from the Holder of this Warrant to the Company shall be mailed by first class mail, postage prepaid, to Pro-Pharmaceuticals, Inc., 7 Wells Avenue, Newton, MA 02459 Attn: Chief Financial Officer, or such other address as may have been furnished to the Holder in writing by the Company.

10.2 Amendment and Waiver. Except as otherwise provided herein, this Warrant and any term hereof may be amended, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such amendment, waiver, discharge or termination is sought.

10.3 Governing Law; Descriptive Headings. This Warrant shall be construed and enforced in accordance with and governed by the laws of the State of Delaware. The headings in this Warrant are for purposes of reference only, and shall not limit or otherwise affect any of the terms hereof.

[SIGNATURE ON FOLLOWING PAGE]

Dated: February , 2009.

PRO-PHARMACEUTICALS, INC.

By: _____

Name: Anthony Squeglia

Title: Chief Financial Officer

EXHIBIT A

SUBSCRIPTION AGREEMENT

[To be signed only upon exercise of Warrant]

To: Date:

The undersigned, the Holder of the within Warrant, pursuant to the provisions set forth in the within Warrant, hereby irrevocably elects to exercise the purchase rights represented by such Warrant for, and agrees to subscribe for and purchase thereunder, shares of the Common Stock covered by such Warrant and herewith makes payment of $ therefor, and requests that the certificates for such shares be issued in the name of, and delivered to, , whose address is: . If said number of shares is less than all the shares covered by such Warrant, a new Warrant shall be registered in the name of the undersigned and delivered to the address stated below.

Signature _____

(Signature must conform in all respects to name of Holder as specified on the face of the Warrant or on the form of Assignment attached as Exhibit B thereto.)

Address _____

_____

[Signature Guarantee]

EXHIBIT B

ASSIGNMENT

[To be signed only upon transfer of Warrant]

For value received, the undersigned hereby sells, assigns and transfers all of the rights of the undersigned under the within Warrant with respect to the number of shares of the Common Stock covered thereby set forth below, unto:

Name of Assignee	*Address*	*No. of Shares*

Dated:

Signature _____

(Signature must conform in all respects to name of Holder as specified on the face of the Warrant.)

Address _____

_____

[Signature Guarantee]

EXHIBIT 4.3

NEITHER THIS WARRANT CERTIFICATE NOR THE WARRANTS REPRESENTED HEREBY NOR ANY SHARES OF COMMON STOCK ISSUABLE UPON THE EXERCISE OF SUCH WARRANTS, NOR ANY INTEREST IN OR RIGHTS UNDER SAME, HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE LAWS OF ANY STATE, AND NEITHER THIS WARRANT CERTIFICATE NOR THE WARRANTS REPRESENTED HEREBY NOR ANY SHARES OF COMMON STOCK ISSUABLE UPON THE EXERCISE OF SUCH WARRANTS, NOR ANY INTEREST IN OR RIGHTS UNDER SAME, MAY BE SOLD OR OTHERWISE TRANSFERRED UNLESS REGISTERED UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

W-2009-B-

PRO-PHARMACEUTICALS, INC.

COMMON STOCK PURCHASE WARRANT – CLASS B

Pro-Pharmaceuticals, Inc., a Nevada corporation (the "Company"), for value received and subject to the terms set forth below hereby grants to 10X Fund, L.P., a Delaware limited partnership, or its registered successors and assigns (the "Holder"), the right to purchase from the Company at any time or from time to time until the date and time permitted under Section 2.1 below, fully paid and nonassessable shares of the Common Stock, par value $0.001 per share, at the purchase price of fifty cents ($0.50) per share (the "Exercise Price"). The Exercise Price and the number and character of such shares of Common Stock purchasable pursuant to the rights granted under this Warrant are subject to adjustment as provided herein.

1. Definitions. As used herein the following terms, unless the context otherwise requires, have the following respective meanings:

(a) "Common Stock" means the Company's common stock, par value $0.001 per share, and stock of any other class of securities into which such securities may hereafter have been reclassified or changed into, including any stock (other than Common Stock) and other securities of the Company or any other Person (corporate or other) which the Holder of this Warrant at any time shall be entitled to receive, or shall have received, upon the exercise of this Warrant, in lieu of or in addition to Common Stock, or which at any time shall be issuable or shall have been issued in exchange for or in replacement of Common Stock pursuant to Section 3.2 hereof or otherwise.

(b) "Issue Date" means , 2009.

(c) "Market Value" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market (other than the OTC Bulletin Board), the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg Financial L.P. (based on a Trading Day from 9:30 a.m. Eastern Time to 4:00 p.m. Eastern Time); (b) if the Common Stock is then listed or quoted on the OTC Bulletin Board, the average of the high and low price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board; or (c) if

the Common Stock is not then listed or quoted on a Trading Market and if prices for the Common Stock are then reported in the "Pink Sheets" published by the Pink Sheets, LLC (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported.

(e) "*Registration Rights Agreement*" means the Registration Rights Agreement, dated as of the Issue Date, to which the Corporation and the original Holder are parties, as amended, modified or supplemented from time to time in accordance with its terms.

(f) "*This Warrant"* means, collectively, this Warrant and all other stock purchase warrants issued in exchange therefor or replacement thereof.

(g) "*Trading Day*" means a day on which the Common Stock is traded on a Trading Market.

(h) "*Trading Market*" means any one of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the Nasdaq SmallCap Market, the NYSE Alternext US, the New York Stock Exchange, the Nasdaq National Market, the OTC Bulletin Board or the "Pink Sheets."

2. Exercise.

2.1 Exercise Period. The Holder may exercise this Warrant at any time after the Issue Date and before the close of business in Boston, Massachusetts on the fifth (5^{th}) anniversary of the Issue Date (the "Exercise Period"), unless earlier terminated pursuant to Section 2.6 herein.

2.2 Exercise Procedure.

(a) This Warrant will be deemed to have been exercised at such time as the Company has received all of the following items (the "Exercise Date"):

(i) a completed Subscription Agreement as described in Section 2.4 hereof, executed by the Person exercising all or part of the purchase rights represented by this Warrant (the "Purchaser");

(ii) this Warrant;

(iii) if this Warrant is not registered in the name of the Purchaser, an Assignment or Assignments in the form set forth in Exhibit B hereto, evidencing the assignment of this Warrant to the Purchaser together with any documentation required pursuant to Section 8(a) hereof; and

(iv) a check payable to the order of the Company in an amount equal to the product of the Exercise Price multiplied by the number of shares of Common Stock being purchased upon such exercise.

(b) As soon as practicable after the exercise of this Warrant in full or in part, and in any event within ten (10) days after the Exercise Date, the Company at its expense will cause to be

issued in the name of and delivered to the Purchaser, or as the Purchaser (upon payment by the Purchaser of any applicable transfer taxes) may direct, a certificate or certificates for the number of fully paid and non-assessable shares of Common Stock to which the Purchaser shall be entitled upon such exercise, together with any other stock or other securities and property (including cash, where applicable) to which the Purchaser is entitled upon exercise.

(c) Unless this Warrant has expired or all of the purchase rights represented hereby have been exercised, the Company at its expense will, within ten (10) days after the Exercise Date, issue and deliver to or upon the order of the Purchaser a new Warrant or Warrants of like tenor, in the name of the Purchaser or as the Purchaser (upon payment by the Purchaser of any applicable transfer taxes) may request, calling in the aggregate on the face or faces thereof for the number of shares of Common Stock remaining issuable under this Warrant.

(d) The Common Stock issuable upon the exercise of this Warrant will be deemed to have been issued to the Purchaser on the Exercise Date, and the Purchaser will be deemed for all purposes to have become the record holder of such Common Stock on the Exercise Date.

(e) The issuance of certificates for shares of Common Stock upon exercise of this Warrant will be made without charge to the Holder or the Purchaser for any issuance tax in respect thereof or any other cost incurred by the Company in connection with such exercise and the related issuance of shares of Common Stock.

(f) The holder represents and warrants that at the time of any exercise of this warrant the holder is an “accredited investor,” as such term is defined in Rule 501 promulgated under the Securities Act and acknowledges and agrees that the Company may, in its sole discretion, (i) require, as a condition to the exercise of this Warrant, that the holder provide such written evidence that such holder is an accredited investor as the time of exercise, and (ii) decline to issue the shares of Common Stock issuable upon such exercise if the Company is not satisfied that this warrant may be exercised by the holder pursuant to a valid registration exemption from the Securities Act and any applicable state securities law.

2.3 Acknowledgement of Continuing Obligations. The Company will, at the time of the exercise of this Warrant, upon the request of the Purchaser, acknowledge in writing its continuing obligation to afford to the Purchaser any rights to which the Purchaser shall continue to be entitled after such exercise in accordance with the provisions of this Warrant, provided that if the Purchaser shall fail to make any such request, such failure shall not affect the continuing obligation of the Company to afford to the Purchaser any such rights.

2.4 Subscription Agreement. The Subscription Agreement will be substantially in the form set forth in Exhibit A hereto, except that if the shares of Common Stock issuable upon exercise of this Warrant are not to be issued in the name of the Purchaser, the Subscription Agreement will also state the name of the Person to whom the certificates for the shares of Common Stock are to be issued, and if the number of shares of Common Stock to be issued does not include all the shares of Common Stock issuable hereunder, it will also state the name of the Person to whom a new Warrant for the unexercised portion of the rights hereunder is to be delivered.

2.5 Fractional Shares. If a fractional share of Common Stock would, but for the provisions of Section 2.1 hereof, be issuable upon exercise of the rights represented by this Warrant, the Company will, within ten (10) days after the Exercise Date, deliver to the Purchaser a check payable to the Purchaser in lieu of such fractional share, in an amount equal to the Market Value of such fractional share as of the close of business on the Exercise Date.

3. Adjustments.

3.1 Adjustments for Stock Splits, Etc. If the Company shall at any time after the Issue Date subdivide its outstanding Common Stock, by split-up or otherwise, or combine its outstanding Common Stock, or issue additional shares of its capital stock in payment of a stock dividend in respect of its Common Stock, the number of shares issuable on the exercise of the unexercised portion of this Warrant shall forthwith be proportionately increased in the case of a subdivision or stock dividend, or proportionately decreased in the case of a combination, and the Exercise Price then applicable to shares covered by the unexercised portion of this Warrant shall forthwith be proportionately decreased in the case of a subdivision or stock dividend, or proportionately increased in the case of combination.

3.2 Adjustment for Reclassification, Reorganization, Etc. In case of any reclassification, capital reorganization, or change of the outstanding Common Stock (other than as a result of a subdivision, combination or stock dividend), or in the case of any consolidation of the Company with, or merger of the Company into, another Person (other than a consolidation or merger in which the Company is the continuing corporation and which does not result in any reclassification or change of the outstanding Common Stock of the Company), or in case of any sale or conveyance to one or more Persons of the property of the Company as an entirety or substantially as an entirety at any time prior to the expiration of this Warrant, then, as a condition of such reclassification, reorganization, change, consolidation, merger, sale or conveyance, lawful provision shall be made, and duly executed documents evidencing the same from the Company or its successor shall be delivered to the Holder of this Warrant, so that the Holder of this Warrant shall have the right at any time prior to the expiration of this Warrant to purchase, at a total price not to exceed that payable upon the exercise of the unexercised portion of this Warrant, the kind and amount of shares of stock and other securities and property receivable upon such reclassification, reorganization, change, consolidation, merger, sale or conveyance by a holder of the number of shares of Common Stock of the Company as to which this Warrant was exercisable immediately prior to such reclassification, reorganization, change, consolidation, merger, sale or conveyance, and in any such case appropriate provision shall be made with respect to the rights and interests of the Holder of this Warrant to the end that the provisions hereof (including, without limitation, provisions for the adjustment of the Exercise Price and of the number of shares purchasable upon exercise of this Warrant) shall thereafter be applicable in relation to any shares of stock, and other securities and property, thereafter deliverable upon exercise hereof. If, as a consequence of any such transaction, solely cash, and no securities or other property of any kind, is deliverable upon exercise of this Warrant, then, in such event, the Company may terminate this Warrant by giving the Holder hereof written notice thereof. Such notice shall specify the date (at least thirty (30) days subsequent to the date on which notice is given) on which, at 3:00 P.M., Boston, Massachusetts time, this Warrant shall terminate. Notwithstanding any such notice, this Warrant shall remain exercisable, and otherwise in full force and effect, until such time of termination.

3.3 Certificate of Adjustment. Whenever the Exercise Price or the number of shares issuable hereunder is adjusted, as herein provided, the Company shall promptly deliver to the registered Holder of this Warrant a certificate of the Treasurer of the Company, which certificate shall state (i) the Exercise Price and the number of shares of Common Stock issuable hereunder after such adjustment, (ii) the facts requiring such adjustment, and (iii) the method of calculation for such adjustment and increase or decrease.

3.4 Small Adjustments. No adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease in the Exercise Price of at least one percent; provided, however, that any adjustments which by reason of this Section 3.5 are not required to be made immediately shall be carried forward and taken into account at the time of exercise of this Warrant or any subsequent adjustment in the Exercise Price which, singly or in combination with any adjustment carried forward, is required to be made under Sections 3.1 or 3.2.

4. Reservation of Stock, etc., Issuable on Exercise of Warrant. The Company will at all times reserve and keep available, solely for issuance and delivery upon the exercise of this Warrant, all shares of Common Stock from time to time issuable upon the exercise of this Warrant.

5. Disposition of This Warrant, Common Stock, Etc.

(a) The Holder of this Warrant and any transferee hereof or of the Common Stock with respect to which this Warrant may be exercisable, by their acceptance hereof, hereby understand and agree that this Warrant and the Common Stock with respect to which this Warrant may be exercisable have not been registered under the Securities Act, and may not be sold, pledged, hypothecated, donated, or otherwise transferred (whether or not for consideration) without an effective registration statement under the Act or an opinion of counsel satisfactory to the Company and/or submission to the Company of such other evidence as may be satisfactory to counsel to the Company, in each such case, to the effect that any such transfer shall not be in violation of the Act. It shall be a condition to the transfer of this Warrant that any transferee thereof deliver to the Company its written agreement to accept and be bound by all of the terms and conditions of this Warrant. The foregoing notwithstanding, the Company acknowledges its obligations as set forth in the Registration Rights Agreement to register the shares of Common Stock issuable upon exercise hereof.

(b) Except to the extent the resale of the shares of Common Stock issuable upon exercise hereof are registered for resale, or may be sold to the public pursuant to Rule 144(b)(1) under the Securities Act, the certificates of the Company that will evidence the shares of Common Stock with respect to which this Warrant may be exercisable will be imprinted with a conspicuous legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE SOLD, PLEDGED, HYPOTHECATED, DONATED OR OTHERWISE TRANSFERRED (WHETHER OR NOT FOR CONSIDERATION) BY THE HOLDER WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY AND/OR SUBMISSION TO THE COMPANY OF SUCH OTHER EVIDENCE AS MAY

BE SATISFACTORY TO COUNSEL TO THE COMPANY, IN EACH SUCH CASE, TO THE EFFECT THAT ANY SUCH TRANSFER SHALL NOT BE IN VIOLATION OF THE ACT."

Except as set forth in the Registration Rights Agreement, the Company has not agreed to register any of the Holder's shares of Common Stock of the Company with respect to which this Warrant may be exercisable for distribution in accordance with the provisions of the Securities Act, and the Company has not agreed to comply with any exemption from registration under the Act for the resale of the Holder's shares of Common Stock with respect to which this Warrant may be exercised. Hence, it is the understanding of the Holder of this Warrant that by virtue of the provisions of certain rules respecting "restricted securities" promulgated by the SEC, the shares of Common Stock of the Company with respect to which this Warrant may be exercisable may be required to be held indefinitely, unless and until registered under the Securities Act (as contemplated by the Registration Rights Agreement), unless an exemption from such registration is available, in which case the Holder may still be limited as to the number of shares of Common Stock of the Company with respect to which this Warrant may be exercised that may be sold from time to time.

6. Rights and Obligations of Warrant Holder. The Holder of this Warrant shall not, by virtue hereof, be entitled to any voting rights or other rights as a stockholder of the Company. No provision of this Warrant, in the absence of affirmative actions by the Holder to purchase Common Stock of the Company by exercising this Warrant, and no enumeration in this Warrant of the rights or privileges of the Holder, will give rise to any liability of such Holder for the Exercise Price of Common Stock acquirable by exercise hereof or as a stockholder of the Company.

7. Transfer of Warrants. Subject to compliance with the restrictions on transfer applicable to this Warrant referred to in Section 5 hereof, this Warrant and all rights hereunder are transferable, in whole or in part, without charge to the registered Holder, upon surrender of this Warrant with a properly executed Assignment (in substantially the form attached hereto as Exhibit B), to the Company, and the Company at its expense will issue and deliver to or upon the order of the Holder hereof a new Warrant or Warrants in such denomination or denominations as may be requested, but otherwise of like tenor, in the name of the Holder or as the Holder (upon payment of any applicable transfer taxes) may direct.

8. Replacement of Warrants. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of any Warrant and, in the case of any such loss, theft or destruction, upon delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of any such mutilation, upon surrender and cancellation of such Warrant, the Company at its expense will execute and deliver, in lieu thereof, a new Warrant of like tenor.

9. Company Records. Until this Warrant is transferred on the books of the Company, the Company may treat the registered Holder hereof as the absolute owner hereof for all purposes, notwithstanding any notice to the contrary.

10. Miscellaneous.

10.1 Notices. All notices and other communications from the Company to the Holder of this Warrant shall be mailed by first class mail, postage prepaid, to such address as may have been furnished to the Company in writing by such Holder, or, until an address is so furnished, to and at the address of the last Holder of this Warrant who has so furnished an address to the Company. All communications from the Holder of this Warrant to the Company shall be mailed by first class mail, postage prepaid, to Pro-Pharmaceuticals, Inc., 7 Wells Avenue, Newton, MA 02459 Attn: Chief Financial Officer, or such other address as may have been furnished to the Holder in writing by the Company.

10.2 Amendment and Waiver. Except as otherwise provided herein, this Warrant and any term hereof may be amended, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such amendment, waiver, discharge or termination is sought.

10.3 Governing Law; Descriptive Headings. This Warrant shall be construed and enforced in accordance with and governed by the laws of the State of Delaware. The headings in this Warrant are for purposes of reference only, and shall not limit or otherwise affect any of the terms hereof.

Dated: February , 2009.

PRO-PHARMACEUTICALS, INC.

By: _____

Name: Anthony Squeglia

Title: Chief Financial Officer

EXHIBIT A

SUBSCRIPTION AGREEMENT

[To be signed only upon exercise of Warrant]

To: Date:

The undersigned, the Holder of the within Warrant, pursuant to the provisions set forth in the within Warrant, hereby irrevocably elects to exercise the purchase rights represented by such Warrant for, and agrees to subscribe for and purchase thereunder, shares of the Common Stock covered by such Warrant and herewith makes payment of $ therefor, and requests that the certificates for such shares be issued in the name of, and delivered to, , whose address is: . If said number of shares is less than all the shares covered by such Warrant, a new Warrant shall be registered in the name of the undersigned and delivered to the address stated below.

Signature _____

(Signature must conform in all respects to name of Holder as specified on the face of the Warrant or on the form of Assignment attached as Exhibit B thereto.)

Address _____

_____

[Signature Guarantee]

EXHIBIT B

ASSIGNMENT

[To be signed only upon transfer of Warrant]

For value received, the undersigned hereby sells, assigns and transfers all of the rights of the undersigned under the within Warrant with respect to the number of shares of the Common Stock covered thereby set forth below, unto:

Name of Assignee	*Address*	*No. of Shares*

Dated:

Signature _____

(Signature must conform in all respects to name of Holder as specified on the face of the Warrant.)

Address _____

_____

[Signature Guarantee]

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this "Agreement") is dated as of February 12, 2009, between Pro-Pharmaceuticals, Inc., a Nevada corporation (the "Company"), and 10X Fund, L.P., a Delaware limited partnership (the "Purchaser").

WHEREAS, subject to the terms and conditions set forth in this Agreement and pursuant to Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"), and Rule 506 promulgated thereunder, the Company desires to issue and sell to each Purchaser, and each Purchaser, severally and not jointly, desires to purchase from the Company, securities of the Company as more fully described in this Agreement.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and each Purchaser agree as follows:

ARTICLE I.

DEFINITIONS

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, for all purposes of this Agreement, the following terms have the meanings set forth in this Section 1.1:

"Action" shall have the meaning ascribed to such term in Section 3.1(j).

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person as such terms are used in and construed under Rule 405 under the Securities Act. With respect to a Purchaser, any investment fund or managed account that is managed on a discretionary basis by the same investment manager as the Purchaser will be deemed to be an Affiliate of the Purchaser.

"Articles of Amendment" means the Articles of Amendment setting forth the designations, rights and preferences of Series B-1 Preferred and Series B-2 Preferred in the form attached hereto as Exhibit B.

"Board of Directors" means the board of directors of the Company.

"Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Initial Closing" means the initial closing of the purchase and sale of the Securities pursuant to Section 2.1.

"Closing Date" means the Trading Day when all of the Transaction Documents have been executed and delivered by the applicable parties thereto, and all conditions precedent to (i) the Purchaser's obligations to pay the Subscription Amount and (ii) the Company's obligations to deliver the Securities have been satisfied or waived.

"Commission" means the Securities and Exchange Commission.

"Common Stock" means the common stock of the Company, par value $0.001 per share, and any other class of securities into which such securities may hereafter be reclassified or changed into.

"Common Stock Equivalents" means any securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"Company Counsel" means Greenberg Traurig, LLP, with offices located at One International Place, Boston, Massachusetts 02110.

"Conversion Shares" means the shares of Common Stock issuable upon conversion of the Series B-1 Preferred and/or Series B-2 Preferred.

"Disclosure Schedules" means the Disclosure Schedules of the Company delivered concurrently herewith.

"Dividend Shares" means the shares of Common Stock issuable in satisfaction of dividends payable on the Series B-1 Preferred and/or Series B-2 Preferred.

"Effective Date" means the date that the initial Registration Statement filed by the Company pursuant to the Registration Rights Agreement is first declared effective by the Commission.

"Evaluation Date" shall have the meaning ascribed to such term in Section 3.1(r).

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

"Exempt Issuance" means the issuance of (a) shares of Common Stock or options to employees, officers, directors or other permitted grantees of the Company pursuant to any stock or option plan duly adopted for such purpose, by a majority of the non-employee members of the Board of Directors or a majority of the members of a committee of non-employee directors established for such purpose, (b) securities upon the exercise or exchange of or conversion of any Securities issued hereunder and/or other securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the date of this Agreement, provided that such securities have not been amended since the date of this Agreement to increase the number of such securities or to decrease the exercise, exchange or conversion price of such securities, and (c) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors of the Company, provided that any such issuance shall only be to a

Person which is, itself or through its subsidiaries, an operating company in a business compatible with the business objectives of the Company and in which the Company receives benefits in addition to the investment of funds, but shall not include a transaction in which the Company is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities.

"Final Purchase Date" means the Business Day immediately subsequent to the date that is one hundred twenty (120) days from the Closing Date; provided, however, the Final Purchase Date shall be automatically extended for an additional sixty (60) days if the aggregate amount of capital contributions credited by the Purchaser by the date that is ninety (90) days from the Initial Closing Date is greater than or equal to $2,500,000.

"ILG" means Investment Law Group of Gillett Mottern & Walker LP with offices located at 1230 Peachtree Street, NE, Suite 2445, Atlanta, Georgia 30309.

"Initial Subscription Amount" means One Million Eight Hundred Thousand Dollars ($1,800,000.00) in United States dollars, in immediately available funds.

"Initial Closing" means the closing of the purchase and sale of the Initial Closing Securities pursuant to Section 2.1(a).

"Initial Closing Date" means the Trading Day on which the Initial Closing takes place.

"Initial Closing Securities" means the Series B-1 Preferred and Warrants purchased by the Purchaser for the Initial Subscription Amount pursuant to Section 2.1(a) herein.

"GAAP" shall have the meaning ascribed to such term in Section 3.1(h).

"Indebtedness" shall have the meaning ascribed to such term in Section 3.1(aa).

"Intellectual Property Rights" shall have the meaning ascribed to such term in Section 3.1(o).

"Legend Removal Date" shall have the meaning ascribed to such term in Section 4.1(c).

"Liens" means a lien, charge, security interest, encumbrance, right of first refusal, preemptive right or other restriction.

"Material Adverse Effect" shall have the meaning assigned to such term in Section 3.1(b).

"Material Permits" shall have the meaning ascribed to such term in Section 3.1(m).

"Maximum Subscription Amount" shall mean $6,000,000.

"Origination Fee" means an origination fee payable by the Company to the Purchaser in the amount of three percent (3%) of the total Initial Subscription Amount and any Subsequent Subscription Amount that shall be deducted and paid from the Initial Subscription Amount or any Subsequent Subscription Amounts, respectively.

"Participation Maximum" shall have the meaning ascribed to such term in Section 4.12.

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Pre-Notice" shall have the meaning ascribed to such term in Section 4.12.

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Purchaser Party" shall have the meaning ascribed to such term in Section 4.8.

"Purchaser Expenses" shall mean all expenses incurred by the Purchaser in connection with the negotiation and execution of the transaction documents, including travel and communications expenses, and fees of lawyers, accountants and other professionals.

"Registration Rights Agreement" means the Registration Rights Agreement, dated the date hereof, among the Company and the Purchaser, in the form of Exhibit A attached hereto.

"Registration Statement" means a registration statement meeting the requirements set forth in the Registration Rights Agreement and covering the resale by the Purchaser of the Conversion Shares, the Dividend Shares and the Warrant Shares.

"Required Approvals" shall have the meaning ascribed to such term in Section 3.1(e).

"Rights Offering" means a registered offering of up to $20,000,000 of Common Stock by the Company to its Common Stockholders.

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"SEC Reports" shall have the meaning ascribed to such term in Section 3.1(h).

"Securities" means, collectively, the Series B-1 Preferred, the Series B-2 Preferred, the Warrants, the Warrant Shares, the Conversion Shares and the Dividend Shares.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Series B Directors" means those directors elected by the holders of the Series B-1 Preferred and Series B-2 Preferred to serve on the Board of Directors from time to time.

"Series B-1 Preferred" means shares of the Company's Series B-1 Convertible Preferred Stock, $0.01 par value.

"Series B-2 Preferred" means shares of the Company's Series B-2 Convertible Preferred Stock, $0.01 par value.

"Short Sales" means all "short sales" as defined in Rule 200 of Regulation SHO under the Exchange Act (but shall not be deemed to include the location and/or reservation of borrowable shares of Common Stock).

"Subsequent Closing" means the closing of the purchase and sale of the Subsequent Closing Securities pursuant to Section 2.1(b).

"Subsequent Closing Date" means the Trading Day on which each Subsequent Closing takes place.

"Subsequent Closing Notice" means a notice from an escrow agent (which may include counsel for the Purchaser) stating that funds of the Purchaser are being held in escrow for the purchase of Subsequent Closing Securities, which funds will be released to the Company in a Subsequent Closing when the Company has satisfied the conditions described in Section 2.3(b) herein.

"Subsequent Closing Securities" means the Series B-2 Preferred and Warrants purchased by the Purchaser for a Subsequent Subscription Amount pursuant to Section 2.1(b) herein.

"Subsequent Subscription Amount" means the amount of money specified in any Subsequent Closing Notice, provided that the sum of the Initial Subscription Amount and all Subsequent Subscription Amounts may not exceed the Maximum Subscription Amount.

"Subsequent Financing" shall have the meaning ascribed to such term in Section 4.12.

"Subsequent Financing Notice" shall have the meaning ascribed to such term in Section 4.12.

"Subsidiary" means any subsidiary of the Company as set forth on Schedule 3.1(a), and shall, where applicable, include any subsidiary of the Company formed or acquired after the date hereof.

"Trading Day" means a day on which the New York Stock Exchange is open for trading.

"Trading Market" means the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE Alternext US, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, the OTC Bulletin Board, or "Pink Sheets."

"Transaction Documents" means this Agreement, the Warrants, the Registration Rights Agreement, the Articles of Amendment and any other documents or agreements executed in connection with the transactions contemplated hereunder.

"Transfer Agent" means Continental Stock Transfer and Trust Company, the current transfer agent of the Company, with a mailing address of 17 Battery Place, 8th floor, New York, New York 10004-1123 and a facsimile number of (212) 616-7616, and any successor transfer agent of the Company.

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market (other than the OTC Bulletin Board), the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted for trading as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:00 p.m. (New York City time); (b) if the Common Stock is then listed on the OTC Bulletin Board, the average of the high and low price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board; or (c) if the Common Stock is not then quoted for trading on the OTC Bulletin Board and if prices for the Common Stock are then reported in the "Pink Sheets" published by Pink Sheets, LLC (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported.

"Warrants" means, collectively, the Class A-1 Warrants, the Class A-2 Warrants and the Class B Warrants, each delivered to the Purchaser at the Closing in accordance with Section 2.2(a) hereof, in the forms of Exhibit C attached hereto.

"Warrant Shares" means the shares of Common Stock issuable upon exercise of the Warrants.

ARTICLE II.

PURCHASE AND SALE

2.1 Initial Closing and Subsequent Closing.

(a) On the Initial Closing Date, upon the terms and subject to the conditions set forth herein, substantially concurrent with the execution and delivery of this Agreement by the parties hereto, the Company agrees to sell, and the Purchaser agrees to purchase, (i) 900,000 shares of Series B-1 Preferred, (ii) one Class A-1 Warrant exercisable to purchase two Warrant Shares for each share of Series B-1 Preferred purchased, (iii) one Class A-2 Warrants exercisable to purchase two Warrant Shares for each share of Series B-1 Preferred purchased, and (iv) one Class B Warrant exercisable to purchase eight Warrant Shares for each share of Series B-1 Preferred purchased. At the Initial Closing, Purchaser shall deliver the Initial Subscription Amount (less the Origination Fee and the Purchaser Expenses) to the

Company, and the Company shall deliver to the Purchaser the Series B-1 Preferred, the Class A-1 Warrant, the Class A-2 Warrant and the Class B Warrant due in respect of the Initial Subscription Amount, and the Company and Purchaser shall deliver the other items set forth in Section 2.2 deliverable at the Initial Closing. Upon satisfaction of the covenants and conditions set forth in Sections 2.2 and 2.3, the Closing shall occur at the offices of ILG or such other location as the parties shall mutually agree.

(b) At one or more Subsequent Closing Dates until the Final Purchase Date, upon the terms and subject to the conditions set forth herein, the Company agrees to sell, and the Purchaser agrees to purchase, (i) one share of Series B-2 Preferred for every two dollars invested by the Purchaser in the Subsequent Closing, (ii) one Class A-1 Warrant exercisable to purchase two Warrant Shares for each share of Series B-2 Preferred purchased in the Subsequent Closing, (iii) one Class A-2 Warrant exercisable to purchase two Warrant Shares for each share of Series B-2 Preferred purchased in the Subsequent Closing, and (iv) one Class B Warrant exercisable to purchase eight Warrant Shares for each share of Series B-2 Preferred purchased in the Subsequent Closing. At each Subsequent Closing, Purchaser shall deliver the Subsequent Subscription Amount (less the Origination Fee and the Purchaser Expenses) to the Company, and the Company shall deliver to the Purchaser the Series B-2 Preferred, the Class A-1 Warrant, the Class A-2 Warrant and the Class B Warrant due in respect of the Subsequent Subscription Amount, and the Company and Purchaser shall deliver the other items set forth in Section 2.2 deliverable at the Subsequent Closing. Each Subsequent Closing will be held at the offices of ILG at a time mutually agreed by the parties within two (2) Trading Days after the satisfaction by the Company of all conditions of the Company required by Section 2.3(b) herein.

2.2 Deliveries.

(a) On or prior to the Initial Closing Date, the Company shall deliver or cause to be delivered to the Purchaser the following:

(i) this Agreement duly executed by the Company;

(ii) the Articles of Amendment which have been executed in a form acceptable for filing with the Secretary of State of the State of Nevada;

(iii) a legal opinion of Company Counsel, substantially in the form of Exhibit D attached hereto;

(iv) a certificate evidencing the number of shares of Series B-1 Preferred described in Section 2.1(a) herein, registered in the name of Purchaser;

(v) the Warrants exercisable to purchase the number of Warrant Shares described in Section 2.1(a) herein, registered in the name of the Purchaser; and

(vi) the Registration Rights Agreement duly executed by the Company;

(vii) agreements with Medi-Pharmaceuticals, Inc. and David Platt acceptable to the Purchaser, in the Purchaser’s sole discretion.

(b) On or prior to the Initial Closing Date, the Purchaser shall deliver or cause to be delivered to the Company the following:

(i) this Agreement duly executed by the Purchaser;

(ii) the Initial Subscription Amount (less the Origination Fee and the Purchaser Expenses) by wire transfer to the Company; and

(iii) the Registration Rights Agreement duly executed by the Purchaser.

(c) On or prior to each Subsequent Closing Date, the Company shall deliver or cause to be delivered to each Purchaser the following:

(i) certificate from an officer of the Company that all conditions and obligations under this Agreement have been satisfied and the each of its representations and warranties remain true and accurate in all material respects as of the Subsequent Closing Date and shall be deemed to be given as of such date;

(ii) a certificate evidencing the number of shares of Series B-2 Preferred to be purchased at the Subsequent Closing, registered in the name of Purchaser; and

(iii) Warrants exercisable to purchase the number of Warrant Shares described in Section 2.1(b) herein, registered in the name of the Purchaser.

(d) On or prior to each Subsequent Closing Date, the Purchaser shall deliver or cause to be delivered to the Company the applicable Subsequent Subscription Amount (less the Origination Fee and the Purchaser Expenses).

2.3 Closing Conditions.

(a) The obligations of the Company hereunder in connection with the Initial Closing and any Subsequent Closing are subject to the following conditions being met:

(i) the accuracy in all material respects on the Initial Closing Date and each Subsequent Closing Date of the representations and warranties of the Purchaser contained herein;

(ii) all obligations, covenants and agreements of the Purchaser required to be performed at or prior to the Initial Closing Date and/or a Subsequent Closing Date shall have been performed as of such date; and

(iii) the delivery by the Purchaser of the items set forth in Sections 2.2(b) and 2.2(d) of this Agreement in connection with the Initial Closing and any Subsequent Closing, respectively.

(b) The obligations of the Purchaser hereunder in connection with the Initial Closing and any Subsequent Closing are subject to the following conditions being met:

(i) the accuracy in all material respects on the Initial Closing Date and any Subsequent Closing Date of the representations and warranties of the Company contained herein;

(ii) all obligations, covenants and agreements of the Company and its officers and directors required to be performed at or prior to the Initial Closing Date and/or a Subsequent Closing Date, including without limitation, each action set forth in Sections 4.20 hereof, shall have been performed;

(iii) the delivery by the Company of the items set forth in Sections 2.2(a) and 2.2(c) of this Agreement in connection with the Initial Closing and a Subsequent Closing, respectively;

(iv) there shall have been no Material Adverse Effect with respect to the Company since the date hereof.

ARTICLE III.

REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Company. Except as set forth in the Disclosure Schedules, which Disclosure Schedules shall be deemed a part hereof and shall qualify any representation or otherwise made herein to the extent of the disclosure contained in the corresponding section of the Disclosure Schedules, the Company hereby makes the following representations and warranties to the Purchaser:

(a) Subsidiaries. All of the direct and indirect subsidiaries of the Company are set forth on Schedule 3.1(a). The Company owns, directly or indirectly, all of the capital stock or other equity interests of each Subsidiary free and clear of any Liens, and all of the issued and outstanding shares of capital stock of each Subsidiary are validly issued and are fully paid, non-assessable and free of preemptive and similar rights to subscribe for or purchase securities. If the Company has no subsidiaries, then all other references to the Subsidiaries or any of them in the Transaction Documents shall be disregarded.

(b) Organization and Qualification. The Company and each of the Subsidiaries is an entity duly incorporated or otherwise organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization (as applicable), with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor any Subsidiary is in violation or default of any of the provisions of its respective certificate or articles of incorporation, bylaws or other organizational or charter documents. Each of the Company and the Subsidiaries is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not have or reasonably be expected to result in (i) a material adverse effect on the legality, validity or enforceability of any Transaction Document, (ii) a material adverse effect on the results of operations, assets, business or condition (financial or otherwise) of the Company and the Subsidiaries, taken as

a whole, or (iii) a material adverse effect on the Company's ability to perform in any material respect on a timely basis its obligations under any Transaction Document (any of (i), (ii) or (iii), a "Material Adverse Effect") and no Proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

(c) Authorization; Enforcement. The Company has all requisite corporate power and authority to enter into and to consummate the transactions contemplated by each of the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of each of the Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, the Board of Directors or the Company's stockholders in connection therewith other than in connection with the Required Approvals. Each Transaction Document has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(d) No Conflicts. The execution, delivery and performance of the Transaction Documents by the Company, the issuance and sale of the Securities and the consummation by the Company of the other transactions contemplated hereby and thereby do not and will not (i) conflict with or violate any provision of the Company's or any Subsidiary's certificate or articles of incorporation, bylaws or other organizational or charter documents, or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the Company or any Subsidiary, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise) or other understanding to which the Company or any Subsidiary is a party or by which any property or asset of the Company or any Subsidiary is bound or affected, or (iii) subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company or a Subsidiary is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company or a Subsidiary is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.

(e) Filings, Consents and Approvals. The Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or

other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than (i) filings required pursuant to Section 4.4 of this Agreement, (ii) the filing with the Commission of the Registration Statement and (iii) application(s), if required, to each applicable Trading Market for the listing of the Securities for trading thereon in the time and manner required thereby, and (iv) the filing of Form D with the Commission and such filings as are required to be made under applicable state securities laws (collectively, the "Required Approvals").

(f) Issuance of the Securities. The Securities are duly authorized and, when issued and paid for in accordance with the applicable Transaction Documents, will be duly and validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company other than restrictions on transfer provided for in the Transaction Documents. The Conversion Shares, Warrant Shares and Dividend Shares, when issued in accordance with the terms of the Transaction Documents, will be validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company other than restrictions on transfer provided for in the Transaction Documents. The Company has reserved from its duly authorized capital stock the maximum number of shares of Common Stock issuable pursuant to the Preferred Stock and the Warrants.

(g) Capitalization. The capitalization of the Company is as set forth on Schedule 3.1(g), which Schedule 3.1(g) shall also include the number of shares of Common Stock owned beneficially, and of record, by Affiliates of the Company as of the date hereof. The Company has not issued any capital stock since its most recently filed periodic report under the Exchange Act, other than pursuant to the exercise of employee stock options under the Company's stock option plans, the issuance of shares of Common Stock to employees pursuant to the Company's employee stock purchase plans and pursuant to the conversion or exercise of Common Stock Equivalents outstanding as of the date of the most recently filed periodic report under the Exchange Act. No Person has any right of first refusal, preemptive right, right of participation, or any similar right to participate in the transactions contemplated by the Transaction Documents. Except as a result of the purchase and sale of the Securities and as set forth on Schedule 3.1(g), there are no outstanding options, warrants, scrip rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire, any shares of Common Stock, or contracts, commitments, understandings or arrangements by which the Company or any Subsidiary is or may become bound to issue additional shares of Common Stock or Common Stock Equivalents. The issuance and sale of the Securities will not obligate the Company to issue shares of Common Stock or other securities to any Person (other than the Purchaser) and will not result in a right of any holder of Company securities to adjust the exercise, conversion, exchange or reset price under any of such securities. All of the outstanding shares of capital stock of the Company are validly issued, fully paid and nonassessable, have been issued in compliance with all federal and state securities laws, and none of such outstanding shares was issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. No further approval or authorization of any stockholder, the Board of Directors or others is required for the issuance and sale of the Securities. There are no stockholders agreements, voting agreements or other similar agreements with respect to the Company's capital stock to which the Company is a party or, to the knowledge of the Company, between or among any of the Company's stockholders.

(h) SEC Reports; Financial Statements. The Company has filed all reports, schedules, forms, statements and other documents required to be filed by the Company under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the two years preceding the date hereof (or such shorter period as the Company was required by law or regulation to file such material) (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein, being collectively referred to herein as the "SEC Reports") on a timely basis or has received a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension. As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Except as set forth on Schedule 3.1(h) attached hereto, the financial statements of the Company included in the SEC Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the Commission with respect thereto as in effect at the time of filing. Except as set forth on Schedule 3.1(h) attached hereto, such financial statements have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis during the periods involved ("GAAP"), except as may be otherwise specified in such financial statements or the notes thereto and except that unaudited financial statements may not contain all footnotes required by GAAP, and fairly present in all material respects the financial position of the Company and its consolidated subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments.

(i) Material Changes; Undisclosed Events, Liabilities or Developments. Since the date of the latest audited financial statements included within the SEC Reports, except as specifically disclosed in a subsequent SEC Report filed prior to the date hereof, (i) there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect, (ii) the Company has not incurred any liabilities (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in the Company's financial statements pursuant to GAAP or disclosed in filings made with the Commission, (iii) the Company has not altered its method of accounting, (iv) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock and (v) the Company has not issued any equity securities to any officer, director or Affiliate, except pursuant to existing Company stock option plans. The Company does not have pending before the Commission any request for confidential treatment of information. Except for the issuance of the Securities contemplated by this Agreement or as set forth on Schedule 3.1(i), no event, liability or development has occurred or exists with respect to the Company or its Subsidiaries or their respective business, properties, operations or financial condition, that would be required to

be disclosed by the Company under applicable securities laws at the time this representation is made or deemed made that has not been publicly disclosed at least 1 Trading Day prior to the date that this representation is made.

(j) Litigation. Except as disclosed in the SEC Reports, there is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company, any Subsidiary or any of their respective properties before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) (collectively, an "Action") which (i) adversely affects or challenges the legality, validity or enforceability of any of the Transaction Documents or the Securities or (ii) could, if there were an unfavorable decision, have or reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any Subsidiary, nor any director or officer thereof, is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty. There has not been, and to the knowledge of the Company, there is not pending or contemplated, any investigation by the Commission involving the Company or any current or former director or officer of the Company. The Commission has not issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company or any Subsidiary under the Exchange Act or the Securities Act.

(k) Labor Relations. No material labor dispute exists or, to the knowledge of the Company, is imminent with respect to any of the employees of the Company which could reasonably be expected to result in a Material Adverse Effect. None of the Company's or its Subsidiaries' employees is a member of a union that relates to such employee's relationship with the Company or such Subsidiary, and neither the Company nor any of its Subsidiaries is a party to a collective bargaining agreement, and the Company and its Subsidiaries believe that their relationships with their employees are good. No executive officer, to the knowledge of the Company, is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement or non-competition agreement, or any other contract or agreement or any restrictive covenant in favor of any third party, and the continued employment of each such executive officer does not subject the Company or any of its Subsidiaries to any liability with respect to any of the foregoing matters. The Company and its Subsidiaries are in compliance with all U.S. federal, state, local and foreign laws and regulations relating to employment and employment practices, terms and conditions of employment and wages and hours, except where the failure to be in compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(l) Compliance. Neither the Company nor any Subsidiary (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any Subsidiary under), nor has the Company or any Subsidiary received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is in violation of any order of any court, arbitrator or governmental body, or (iii) is or has been in violation of any statute, rule or

regulation of any governmental authority, including without limitation all foreign, federal, state and local laws applicable to its business and all such laws that affect the environment, except in each case as could not have or reasonably be expected to result in a Material Adverse Effect.

(m) Regulatory Permits. The Company and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct their respective businesses as described in the SEC Reports, except where the failure to possess such permits could not reasonably be expected to result in a Material Adverse Effect ("Material Permits"), and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any Material Permit.

(n) Title to Assets. The Company and the Subsidiaries have good and marketable title in fee simple to all real property owned by them and good and marketable title in all personal property owned by them that is material to the business of the Company and the Subsidiaries, in each case free and clear of all Liens, except for Liens as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries and Liens for the payment of federal, state or other taxes, the payment of which is neither delinquent nor subject to penalties. Any real property and facilities held under lease by the Company and the Subsidiaries are held by them under valid, subsisting and enforceable leases with which the Company and the Subsidiaries are in compliance.

(o) Patents and Trademarks. Except as set forth in the SEC Reports, the Company and the Subsidiaries have, or have rights to use, all patents, patent applications, trademarks, trademark applications, service marks, trade names, trade secrets, inventions, copyrights, licenses and other intellectual property rights and similar rights necessary or material for use in connection with their respective businesses as described in the SEC Reports and which the failure to so have could have a Material Adverse Effect (collectively, the "Intellectual Property Rights"). Neither the Company nor any Subsidiary has received a notice (written or otherwise) that any of the Intellectual Property Rights used by the Company or any Subsidiary violates or infringes upon the rights of any Person. To the knowledge of the Company, all such Intellectual Property Rights are enforceable and there is no existing infringement by another Person of any of the Intellectual Property Rights. The Company and its Subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of all of their intellectual properties, except where failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(p) Insurance. The Company and the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which the Company and the Subsidiaries are engaged, including, but not limited to, directors and officers insurance coverage in the amount set forth on Schedule 3.1(p) attached hereto. Neither the Company nor any Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business without a significant increase in cost.

(q) Transactions With Affiliates and Employees. Except as set forth in the SEC Reports, none of the officers or directors of the Company and, to the knowledge of the Company, none of the employees of the Company is presently a party to any transaction with the Company or any Subsidiary (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner, in each case in excess of $60,000 other than for (i) payment of salary or consulting fees for services rendered, (ii) reimbursement for expenses incurred on behalf of the Company and (iii) other employee benefits, including stock option agreements under any stock option plan of the Company.

(r) Sarbanes-Oxley; Internal Accounting Controls. The Company is in material compliance with all provisions of the Sarbanes-Oxley Act of 2002 which are applicable to it as of the Closing Date. The Company and the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company has established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and designed such disclosure controls and procedures to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. The Company's certifying officers have evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by the Company's most recently filed periodic report under the Exchange Act (such date, the "Evaluation Date"). The Company presented in its most recently filed periodic report under the Exchange Act the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the Evaluation Date. Since the Evaluation Date, there have been no changes in the Company's internal control over financial reporting (as such term is defined in the Exchange Act) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(s) Certain Fees. Any brokerage or finder's fees or commissions payable by the Company to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by the Transaction Documents are as set forth on Schedule 3.1(s) attached hereto. The Purchaser shall have no obligation with respect to any fees or with respect to any claims made by or on behalf of other Persons for fees of a type contemplated in this Section that may be due in connection with the transactions contemplated by the Transaction Documents.

(t) Private Placement. Assuming the accuracy of the Purchaser's representations and warranties set forth in Section 3.2, no registration under the Securities Act is required for the offer and sale of the Securities by the Company to the Purchaser as contemplated hereby. The issuance and sale of the Securities hereunder does not contravene the rules and regulations of the Trading Market.

(u) Investment Company. The Company is not, and is not an Affiliate of, and immediately after receipt of payment for the Securities, will not be or be an Affiliate of, an "investment company" within the meaning of the Investment Company Act of 1940, as amended. The Company shall conduct its business in a manner so that it will not become subject to the Investment Company Act of 1940, as amended.

(v) Registration Rights. Except as set forth on Schedule 3.1(v) attached hereto, other than the Purchaser, no Person has any right to cause the Company to effect the registration under the Securities Act of any securities of the Company that has not already been satisfied.

(w) Listing and Maintenance Requirements. The Company's Common Stock is registered pursuant to Section 12(b) or 12(g) of the Exchange Act, and the Company has taken no action designed to, or which to its knowledge is likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act nor has the Company received any notification that the Commission is contemplating terminating such registration.

(x) Application of Takeover Protections. The Company and the Board of Directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Company's certificate of incorporation (or similar charter documents) or the laws of its state of incorporation that is or could become applicable to the Purchaser as a result of the Purchaser and the Company fulfilling their obligations or exercising their rights under the Transaction Documents, including without limitation as a result of the Company's issuance of the Securities and the Purchaser's ownership of the Securities.

(y) Disclosure. All disclosure furnished by or on behalf of the Company to the Purchaser regarding the Company, its business and the transactions contemplated hereby, including the Disclosure Schedules to this Agreement, is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. The press releases disseminated by the Company during the twelve months preceding the date of this Agreement taken as a whole do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made and when

made, not misleading. The Company acknowledges and agrees that the Purchaser does not make nor has made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in Section 3.2 hereof.

(z) No Integrated Offering. Assuming the accuracy of the Purchaser's representations and warranties set forth in Section 3.2, neither the Company, nor any of its Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause this offering of the Securities to be integrated with prior offerings by the Company for purposes of (i) the Securities Act which would require the registration of any such securities under the Securities Act, or (ii) any applicable shareholder approval provisions of any Trading Market on which any of the securities of the Company are listed or designated.

(aa) Indebtedness. Schedule 3.1(aa) sets forth as of the date thereof all outstanding secured and unsecured Indebtedness of the Company or any Subsidiary, or for which the Company or any Subsidiary has commitments. For the purposes of this Agreement, "Indebtedness" means (a) any liabilities for borrowed money or amounts owed in excess of $100,000 (other than trade accounts payable incurred in the ordinary course of business), (b) all guaranties, endorsements and other contingent obligations in respect of indebtedness of others, whether or not the same are or should be reflected in the Company's balance sheet (or the notes thereto), except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and (c) the present value of any lease payments in excess of $50,000 due under leases required to be capitalized in accordance with GAAP. Neither the Company nor any Subsidiary is in default with respect to any Indebtedness.

(bb) Tax Status. Except for matters that would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect, the Company and each Subsidiary has filed all necessary federal, state and foreign income and franchise tax returns and has paid or accrued all taxes shown as due thereon, and the Company has no knowledge of a tax deficiency which has been asserted or threatened against the Company or any Subsidiary.

(cc) No General Solicitation. Neither the Company nor any person acting on behalf of the Company has offered or sold any of the Securities by any form of general solicitation or general advertising. The Company has agreed to sell the Securities only after being approached by Purchaser and subsequently offered for sale only to the Purchaser within the meaning of Rule 501 under the Securities Act.

(dd) Foreign Corrupt Practices. Neither the Company, nor to the knowledge of the Company, any agent or other person acting on behalf of the Company, has (i) directly or indirectly, used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses related to foreign or domestic political activity, (ii) made any unlawful payment to foreign or domestic government officials or employees or to any foreign or domestic political parties or campaigns from corporate funds, (iii) failed to disclose fully any contribution made by the Company (or made by any person acting on its behalf of which the Company is aware) which is in violation of law, or (iv) violated in any material respect any provision of the Foreign Corrupt Practices Act of 1977, as amended.

(ee) Accountants. The Company's accounting firm is set forth on Schedule 3.1(ee) of the Disclosure Schedule. To the knowledge and belief of the Company, such accounting firm (i) is a registered public accounting firm as required by the Exchange Act and (ii) shall express its opinion with respect to the financial statements to be included in the Company's Annual Report on Form 10-K for the year ending December 31, 2008.

(ff) No Disagreements with Accountants and Lawyers. There are no material disagreements of any kind presently existing, or reasonably anticipated by the Company to arise, between the Company and the accountants and lawyers formerly or presently employed by the Company which could affect the Company's ability to perform any of its obligations under any of the Transaction Documents.

(gg) Acknowledgment Regarding Purchaser's Purchase of Securities. The Company acknowledges and agrees that the Purchaser is acting solely in the capacity of an arm's length purchaser with respect to the Transaction Documents and the transactions contemplated thereby. The Company further acknowledges that the Purchaser is not acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated thereby and any advice given by the Purchaser or any of its representatives or agents in connection with the Transaction Documents and the transactions contemplated thereby is merely incidental to the Purchaser's purchase of the Securities. The Company further represents to the Purchaser that the Company's decision to enter into this Agreement and the other Transaction Documents has been based solely on the independent evaluation of the transactions contemplated hereby by the Company and its representatives.

(hh) Acknowledgement Regarding Purchaser's Trading Activity. Anything in this Agreement or elsewhere herein to the contrary notwithstanding (except for Sections 3.2(f) and 4.14 hereof), it is understood and acknowledged by the Company (i) that the Purchaser has not been asked by the Company to agree, nor has the Purchaser agreed, to desist from purchasing or selling, long and/or short, securities of the Company, or "derivative" securities based on securities issued by the Company or to hold the Securities for any specified term; (ii) that past or future open market or other transactions by the Purchaser, specifically including, without limitation, Short Sales or "derivative" transactions, before or after the closing of this or future private placement transactions, may negatively impact the market price of the Company's publicly-traded securities; (iii) that the Purchaser, and counter-parties in "derivative" transactions to which the Purchaser is a party, directly or indirectly, presently may have a "short" position in the Common Stock, and (iv) that the Purchaser shall not be deemed to have any affiliation with or control over any arm's length counter-party in any "derivative" transaction. The Company further understands and acknowledges that (a) the Purchaser may engage in hedging activities at various times during the period that the Securities are outstanding, including, without limitation, during the periods that the value of the Warrant Shares deliverable with respect to Securities are being determined and (b) such hedging activities (if any) could reduce the value of the existing stockholders' equity interests in the Company at and after the time that the hedging activities are being conducted. The Company acknowledges that such aforementioned hedging activities do not constitute a breach of any of the Transaction Documents.

(ii) Regulation M Compliance. The Company has not, and to its knowledge no one acting on its behalf has, (i) taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Securities, (ii) sold, bid for, purchased, or, paid any compensation for soliciting purchases of, any of the Securities, or (iii) paid or agreed to pay to any Person any compensation for soliciting another to purchase any other securities of the Company, other than, in the case of clauses (ii) and (iii), compensation paid to the Company's placement agent in connection with the placement of the Securities.

(jj) FDA. As to each product subject to the jurisdiction of the U.S. Food and Drug Administration ("FDA") under the Federal Food, Drug and Cosmetic Act, as amended, and the regulations thereunder ("FDCA") that is manufactured, packaged, labeled, tested, distributed, sold, and/or marketed by the Company or any of its Subsidiaries (each such product, a "Pharmaceutical Product"), such Pharmaceutical Product is being manufactured, packaged, labeled, tested, distributed, sold and/or marketed by the Company in compliance with all applicable requirements under FDCA and similar laws, rules and regulations relating to registration, investigational use, premarket clearance, licensure, or application approval, good manufacturing practices, good laboratory practices, good clinical practices, product listing, quotas, labeling, advertising, record keeping and filing of reports, except where the failure to be in compliance would not have a Material Adverse Effect. There is no pending, completed or, to the Company's knowledge, threatened, action (including any lawsuit, arbitration, or legal or administrative or regulatory proceeding, charge, complaint, or investigation) against the Company or any of its Subsidiaries, and none of the Company or any of its Subsidiaries has received any notice, warning letter or other written communication from the FDA or any other governmental entity, which (i) contests the premarket clearance, licensure, registration, or approval of, the uses of, the distribution of, the manufacturing or packaging of, the testing of, the sale of, or the labeling and promotion of any Pharmaceutical Product, (ii) withdraws its approval of, requests the recall, suspension, or seizure of, or withdraws or orders the withdrawal of advertising or sales promotional materials relating to, any Pharmaceutical Product, (iii) imposes a clinical hold on any clinical investigation by the Company or any of its Subsidiaries, (iv) enjoins production at any facility of the Company or any of its Subsidiaries, (v) enters or proposes to enter into a consent decree of permanent injunction with the Company or any of its Subsidiaries, or (vi) otherwise alleges any violation of any laws, rules or regulations by the Company or any of its Subsidiaries, and which, either individually or in the aggregate, would have a Material Adverse Effect. The properties, business and operations of the Company have been and are being conducted in all material respects in accordance with all applicable laws, rules and regulations of the FDA. The Company has not been informed by the FDA that the FDA will prohibit the marketing, sale, license or use in the United States of any product proposed to be developed, produced or marketed by the Company nor has the FDA expressed any concern as to approving or clearing for marketing any product being developed or proposed to be developed by the Company.

3.2 Representations and Warranties of the Purchaser. The Purchaser hereby represents and warrants as of the date hereof and as of the Closing Date to the Company as follows:

(a) Organization; Authority. The Purchaser is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization with full right, corporate or partnership power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of the Transaction Documents and performance by the Purchaser of the transactions contemplated by the Transaction Documents have been duly authorized by all necessary corporate or similar action on the part of the Purchaser. Each Transaction Document to which it is a party has been duly executed by the Purchaser, and when delivered by the Purchaser in accordance with the terms hereof, will constitute the valid and legally binding obligation of the Purchaser, enforceable against it in accordance with its terms, except (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(b) Own Account. The Purchaser understands that the Securities are "restricted securities" and have not been registered under the Securities Act or any applicable state securities law and is acquiring the Securities as principal for its own account and not with a view to or for distributing or reselling such Securities or any part thereof in violation of the Securities Act or any applicable state securities law, has no present intention of distributing any of such Securities in violation of the Securities Act or any applicable state securities law and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of such Securities (this representation and warranty not limiting the Purchaser's right to sell the Securities pursuant to the Registration Statement or otherwise in compliance with applicable federal and state securities laws) in violation of the Securities Act or any applicable state securities law. The Purchaser is acquiring the Securities hereunder in the ordinary course of its business.

(c) Purchaser Status. At the time the Purchaser was offered the Securities, it and each investors in the Purchaser was, and at the date hereof it is, and on each date on which it exercises any Warrants, it will be either: (i) an "accredited investor" as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Securities Act or (ii) a "qualified institutional buyer" as defined in Rule 144A(a) under the Securities Act. The Purchaser is not required to be registered as a broker-dealer under Section 15 of the Exchange Act.

(d) Experience of The Purchaser. The Purchaser, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. The Purchaser is able to bear the economic risk of an investment in the Securities and, at the present time, is able to afford a complete loss of such investment.

(e) General Solicitation. The Purchaser is not purchasing the Securities as a result of any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

(f) Short Sales Prior To The Date Hereof. Other than consummating the transactions contemplated hereunder, the Purchaser has not, nor has any Person acting on behalf of or pursuant to any understanding with the Purchaser, directly or indirectly executed any purchases or sales, including Short Sales, of the securities of the Company during the period commencing from the time that the Purchaser first received a term sheet (written or oral) from the Company or any other Person representing the Company setting forth the material terms of the transactions contemplated hereunder until the date hereof ("Discussion Time").

ARTICLE IV.

OTHER AGREEMENTS OF THE PARTIES

4.1 Transfer Restrictions.

(a) The Securities may only be disposed of in compliance with state and federal securities laws. In connection with any transfer of Securities other than pursuant to an effective registration statement or Rule 144, to the Company or to an Affiliate of a Purchaser or in connection with a pledge as contemplated in Section 4.1(b), the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor and reasonably acceptable to the Company, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Securities under the Securities Act. As a condition of transfer, any such transferee shall agree in writing to be bound by the terms of this Agreement and shall have the rights of the Purchaser under this Agreement and the Registration Rights Agreement.

(b) The Purchaser agrees to the imprinting, so long as is required by this Section 4.1, of a legend on any of the Securities in the following form:

THIS SECURITY HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A

BONA FIDE MARGIN ACCOUNT WITH A REGISTERED BROKER-DEALER OR OTHER LOAN WITH A FINANCIAL INSTITUTION THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT OR OTHER LOAN SECURED BY SUCH SECURITIES.

The Company acknowledges and agrees that the Purchaser may from time to time pledge pursuant to a bona fide margin agreement with a registered broker-dealer or grant a security interest in some or all of the Securities to a financial institution that is an "accredited investor" as defined in Rule 501(a) under the Securities Act and who agrees to be bound by the provisions of this Agreement and the Registration Rights Agreement and, if required under the terms of such arrangement, the Purchaser may transfer pledged or secured Securities to the pledgees or secured parties. Such a pledge or transfer would not be subject to approval of the Company and no legal opinion of legal counsel of the pledgee, secured party or pledgor shall be required in connection therewith. Further, no notice shall be required of such pledge. At the Purchaser's expense, the Company will execute and deliver such reasonable documentation as a pledgee or secured party of Securities may reasonably request in connection with a pledge or transfer of the Securities, including, if the Securities are subject to registration pursuant to the Registration Rights Agreement, the preparation and filing of any required prospectus supplement under Rule 424(b)(3) under the Securities Act or other applicable provision of the Securities Act to appropriately amend the list of Selling Stockholders thereunder.

(c) Certificates evidencing the Securities shall not contain any legend (including the legend set forth in Section 4.1(b)), (i) while a registration statement (including the Registration Statement) covering the resale of such Security is effective under the Securities Act, or (ii) following any sale of such Security pursuant to Rule 144, or (iii) if such Securities are eligible for sale under Rule 144(b)(1), or (iv) if such legend is not required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the Commission). The Company shall cause its counsel to issue a legal opinion to the Transfer Agent promptly after the Effective Date if required by the Transfer Agent to effect the removal of the legend hereunder. If all or any portion of a Preferred Shares or Warrants are converted or exercised at a time when there is an effective registration statement to cover the resale of the Conversion Shares or Warrant Shares, as applicable, such Conversion Shares or Warrant Shares shall be issued free of all legends. The Company agrees that following the Effective Date or at such time as such legend is no longer required under this Section 4.1(c), it will, no later than three Trading Days following the delivery by a Purchaser to the Company or the Transfer Agent of a certificate representing Conversion Shares, Dividend Shares or Warrant Shares, as the case may be, issued with a restrictive legend (such third Trading Day, the "Legend Removal Date"), deliver or cause to be delivered to the Purchaser a certificate representing such shares that is free from all restrictive and other legends. The Company may not make any notation on its records or give instructions to the Transfer Agent that enlarge the restrictions on transfer set forth in this Section. Certificates for Securities subject to legend removal hereunder shall be transmitted by the Transfer Agent to the Purchaser by crediting the account of the Purchaser's prime broker with the Depository Trust Company System as directed by the Purchaser.

(d) In addition to the Purchaser's other available remedies, the Company shall pay to a Purchaser, in cash, as partial liquidated damages and not as a penalty, for each $1,000 of Conversion Shares, Dividend Shares or Warrant Shares (based on the VWAP of the Common Stock on the date such Securities are submitted to the Transfer Agent) delivered for removal of the restrictive legend and subject to Section 4.1(c), $10 per Trading Day (increasing to $20 per Trading Day five (5) Trading Days after such damages have begun to accrue) for each Trading Day after the tenth Trading Day following the Legend Removal Date until such certificate is delivered without a legend. Nothing herein shall limit the Purchaser's right to pursue actual damages for the Company's failure to deliver certificates representing any Securities as required by the Transaction Documents, and the Purchaser shall have the right to pursue all remedies available to it at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief.

(e**)** The Purchaser agrees that the Purchaser will sell any Securities pursuant to either the registration requirements of the Securities Act, including any applicable prospectus delivery requirements, or an exemption therefrom, and that if Securities are sold pursuant to a Registration Statement, they will be sold in compliance with the plan of distribution set forth therein, and acknowledges that the removal of the restrictive legend from certificates representing Securities as set forth in this Section 4.1 is predicated upon the Company's reliance upon this understanding.

4.2 Furnishing of Information. Until the earliest of the time that (i) the Purchaser owns no Securities, or (ii) all of the Securities can be resold pursuant to Rule 144(b)(1) under the Securities Act, the Company covenants to timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date hereof pursuant to the Exchange Act even if the Company is not then subject to the reporting requirements of the Exchange Act. As long as the Purchaser owns Securities, if the Company is not required to file reports pursuant to the Exchange Act, it will prepare and furnish to the Purchaser and make publicly available in accordance with Rule 144(c)(2) such information as is required for the Purchaser to sell the Securities under Rule 144. The Company further covenants that it will take such further action as any holder of Securities may reasonably request, to the extent required from time to time to enable such Person to sell such Securities without registration under the Securities Act within the requirements of the exemption provided by Rule 144.

4.3 Integration. The Company shall not sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Securities in a manner that would require the registration under the Securities Act of the sale of the Securities to the Purchaser or that would be integrated with the offer or sale of the Securities to the Purchaser for purposes of the rules and regulations of any Trading Market such that it would require shareholder approval prior to the closing of such other transaction unless shareholder approval is obtained before the closing of such subsequent transaction.

4.4 Securities Laws Disclosure; Publicity. The Company shall, by 8:30 a.m. (New York City time) no later than the Trading Day four days after the date hereof, issue a Current Report on Form 8-K, disclosing the material terms of the transactions contemplated hereby, and filing

the Transaction Documents as exhibits thereto. The Company and each Purchaser shall consult with each other in issuing any other press releases with respect to the transactions contemplated hereby, and neither the Company nor any Purchaser shall issue any such press release or otherwise make any such public statement without the prior consent of the Company, with respect to any press release of any Purchaser, or without the prior consent of each Purchaser, with respect to any press release of the Company, which consent shall not unreasonably be withheld or delayed, except if such disclosure is required by law, in which case the disclosing party shall promptly provide the other party with prior notice of such public statement or communication. Notwithstanding the foregoing, the Company shall not publicly disclose the name of any Purchaser, or include the name of any Purchaser in any filing with the Commission or any regulatory agency or Trading Market, without the prior written consent of the Purchaser, except (i) as required by federal securities law in connection with (A) any registration statement contemplated by the Registration Rights Agreement and (B) the filing of final Transaction Documents (including signature pages thereto) with the Commission and (ii) to the extent such disclosure is required by law or Trading Market regulations, in which case the Company shall provide the Purchaser with prior notice of such disclosure permitted under this clause (ii).

4.5 Shareholder Rights Plan. No claim will be made or enforced by the Company or, with the consent of the Company, any other Person, that the Purchaser is an "Acquiring Person" under any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or similar anti-takeover plan or arrangement in effect or hereafter adopted by the Company, or that the Purchaser could be deemed to trigger the provisions of any such plan or arrangement, by virtue of receiving Securities under the Transaction Documents or under any other agreement between the Company and the Purchaser.

4.6 [Intentionally omitted]

4.7 Use of Proceeds. Except as set forth on Schedule 4.7 attached hereto, the Company shall use the net proceeds from the sale of the Securities hereunder for working capital purposes and shall not, without the consent of a majority of the Series B Directors, use such proceeds for (a) the satisfaction of any portion of the Company's debt (other than payment of trade payables in the ordinary course of the Company's business and prior practices and other than the Company's indebtedness to George Maricostas), (b) the redemption of any Common Stock or Common Stock Equivalents, or (c) the settlement of any outstanding litigation.

4.8 Indemnification of Purchaser. Subject to the provisions of this Section 4.8, the Company will indemnify and hold the Purchaser and its directors, officers, shareholders, members, partners, employees and agents (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title), each Person who controls the Purchaser (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, shareholders, agents, members, partners or employees (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title) of such controlling persons (each, a "Purchaser Party") harmless from any and all losses, liabilities, obligations, claims, contingencies, damages, costs and expenses, including all judgments, amounts paid in settlements, court costs and reasonable attorneys' fees and costs of investigation (collectively, "Losses") that any the Purchaser Party may suffer or incur as a result of or relating to (a) any

breach of any of the representations, warranties, covenants or agreements made by the Company in this Agreement or in the other Transaction Documents or (b) any action instituted against a Purchaser in any capacity, or any of them or their respective Affiliates, by any stockholder of the Company who is not an Affiliate of the Purchaser, with respect to any of the transactions contemplated by the Transaction Documents (unless such action is based upon a breach of the Purchaser's representations, warranties or covenants under the Transaction Documents or any agreements or understandings the Purchaser may have with any such stockholder or any violations by the Purchaser of state or federal securities laws or any conduct by the Purchaser which constitutes fraud, gross negligence, willful misconduct or malfeasance). If any action shall be brought against any Purchaser Party in respect of which indemnity may be sought pursuant to this Agreement, the Purchaser Party shall promptly notify the Company in writing, and the Company shall have the right to assume the defense thereof with counsel of its own choosing reasonably acceptable to the Purchaser Party. Any Purchaser Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Purchaser Party except to the extent that (i) the employment thereof has been specifically authorized by the Company in writing, (ii) the Company has failed after a reasonable period of time to assume such defense and to employ counsel or (iii) in such action there is, in the reasonable opinion of such separate counsel, a material conflict on any material issue between the position of the Company and the position of the Purchaser Party, in which case the Company shall be responsible for the reasonable fees and expenses of no more than one such separate counsel. The Company will not be liable to any Purchaser Party under this Agreement (i) for any settlement by a Purchaser Party effected without the Company's prior written consent, which shall not be unreasonably withheld or delayed; or (ii) to the extent, but only to the extent that a loss, claim, damage or liability is attributable to any Purchaser Party's breach of any of the representations, warranties, covenants or agreements made by the Purchaser Party in this Agreement or in the other Transaction Documents**.** In no event shall the indemnification obligations of the Company hereunder exceed the total amount of the Initial Subscription Amount plus the Subsequent Subscription Amount less the Origination Fee. All Losses due hereunder shall be net of any amounts actually recovered by the Purchaser Parties under insurance policies with respect to such Losses. The Company shall not be liable hereunder for any consequential, punitive, indirect, exemplary damages or any damages measured by lost profits or a multiple of earnings.

4.9 Reservation of Common Stock and Preferred Stock.

(a) As of the date hereof, the Company has reserved and the Company shall continue to reserve and keep available at all times, free of preemptive rights, a sufficient number of shares of Common Stock for the purpose of enabling the Company to issue the Conversion Shares, Dividend Shares and Warrant Shares required by the Transaction Documents.

(b) As of the date hereof, the Company has reserved and the Company shall continue to reserve and keep available at all times, free of preemptive rights, a sufficient number of shares of Series B-1 Preferred and Series B-2 Preferred for the purpose of enabling the Company to issue such shares pursuant to this Agreement.

4.10 Listing of Common Stock. The Company hereby agrees to use commercially reasonable efforts to maintain the listing of the Common Stock on a Trading Market. The

Company further agrees, if the Company applies to have the Common Stock traded on any other Trading Market, it will include in such application all of the Preferred Shares and Warrant Shares, and will take such other action as is necessary to cause all of the Preferred Shares and Warrant Shares to be listed on such other Trading Market as promptly as possible. The Company will take all action reasonably necessary to continue the listing and trading of its Common Stock on a Trading Market and will comply in all respects with the Company's reporting, filing and other obligations under the bylaws or rules of the Trading Market. The Purchaser agrees to furnish such information as may be reasonably required by the Trading Market in connection with the application for listing the Conversion Shares, Dividend Shares and Warrant Shares.

4.11 [Intentionally Deleted].

4.12 Participation in Future Financing.

(a) From the date hereof until the date that is the later of (i) the 12 month anniversary of the Effective Date and (ii) the date that the Purchaser no longer holds any Securities, upon any issuance by the Company or any of its Subsidiaries of Common Stock or Common Stock Equivalents for cash consideration (a "Subsequent Financing"), the Purchaser, subject to Section 4.12(g), shall have the right to participate in the Subsequent Financing up to an amount equal to the lesser of (x) 100% of the Subsequent Financing or (y) the aggregate amount of the Initial Subscription Amount and the sum of all Subsequent Subscription Amounts (the "Participation Maximum") on the same terms, conditions and price provided for in the Subsequent Financing.

(b) At least ten (10) calendar days prior to the closing of the Subsequent Financing, the Company shall deliver a written notice of its intention to effect a Subsequent Financing to the Purchaser ("Pre-Notice"), which Pre-Notice shall ask the Purchaser if it wants to review the details of such financing (such additional notice, a "Subsequent Financing Notice"). Upon the request of the Purchaser, and only upon a request by the Purchaser, for a Subsequent Financing Notice, the Company shall promptly, but no later than 1 Trading Day after such request, deliver a Subsequent Financing Notice to the Purchaser. The Subsequent Financing Notice shall describe in reasonable detail the proposed terms of such Subsequent Financing, the amount of proceeds intended to be raised thereunder, the Person or Persons through or with whom such Subsequent Financing is proposed to be effected, and attached to which shall be a term sheet or similar document relating thereto.

(c) If the Purchaser desires to participate in such Subsequent Financing, it must provide written notice to the Company by not later than 5:30 p.m. (New York City time) on the 5th calendar day after the Purchasers received the Pre-Notice that the Purchaser is willing to participate in the Subsequent Financing, the amount of the Purchaser's participation, and that the Purchaser has such funds ready, willing, and available for investment on the terms set forth in the Subsequent Financing Notice. If the Company receives no notice from the Purchaser as of such 5th calendar day, then the Purchaser shall be deemed to have notified the Company that it does not elect to participate.

(d) If by 5:30 p.m. (New York City time) on the 5th calendar day after the Purchasers has received the Pre-Notice, notification by the Purchasers of its willingness to participate

in the Subsequent Financing (or to cause its designees to participate) is less than the total amount of the Subsequent Financing, then the Company may effect the remaining portion of such Subsequent Financing on the terms and with the Persons set forth in the Subsequent Financing Notice.

(e) [Intentionally Deleted].

(f) The Company must provide the Purchaser with a second Subsequent Financing Notice, and the Purchaser will again have the right of participation set forth above in this Section 4.12, if the Subsequent Financing subject to the initial Subsequent Financing Notice is not consummated for any reason on the terms set forth in such Subsequent Financing Notice within 60 Trading Days after the date of the initial Subsequent Financing Notice.
(g) Notwithstanding the foregoing, this Section 4.12 shall not apply in respect of (i) an Exempt Issuance or (ii) an underwritten public offering of Common Stock.

4.13 Subsequent Equity Sales. Unless approved in writing by a majority of the Series B Directors, or if there are no Series B Directors by the Purchaser if the Purchaser still holds Securities, from the date hereof until such time as the Purchaser does not hold any of the Securities, the Company shall be prohibited from effecting or entering into an agreement to effect any Subsequent Financing involving a Variable Rate Transaction. "Variable Rate Transaction" means a transaction in which the Company issues or sells (i) any debt or equity securities that are convertible into, exchangeable or exercisable for, or include the right to receive additional shares of Common Stock either (A) at a conversion, exercise or exchange rate or other price that is based upon and/or varies with the trading prices of or quotations for the shares of Common Stock at any time after the initial issuance of such debt or equity securities, or (B) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of such debt or equity security or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company or the market for the Common Stock or (ii) enters into any agreement, including, but not limited to, an equity line of credit, whereby the Company may sell securities at a future determined price. Any Purchaser shall be entitled to obtain injunctive relief against the Company to preclude any such issuance, which remedy shall be in addition to any right to collect damages.

4.14 Short Sales and Confidentiality After The Date Hereof. The Purchaser covenants that neither it nor any Affiliate acting on its behalf or pursuant to any understanding with it will execute any Short Sales during the period commencing at the Discussion Time and ending at the time that the transactions contemplated by this Agreement are first publicly announced as described in Section 4.4. The Purchaser covenants that between the date of execution of this Agreement and the date the transactions contemplated by this Agreement are publicly disclosed by the Company as described in Section 4.4, the Purchaser will maintain the confidentiality of the existence and terms of this transaction and the information included in the Disclosure Schedules. Notwithstanding the foregoing, the Purchaser makes no representation, warranty or covenant hereby that it will not engage in Short Sales in the securities of the Company after the time that the transactions contemplated by this Agreement are first publicly announced as described in Section 4.4. Notwithstanding the foregoing, in the case where Purchaser is a multi-managed investment vehicle whereby separate portfolio managers manage separate portions of the Purchaser's assets and the portfolio managers have no direct knowledge of the investment

decisions made by the portfolio managers managing other portions of the Purchaser's assets, the covenant set forth above shall only apply with respect to the portion of assets managed by the portfolio manager that made the investment decision to purchase the Securities covered by this Agreement.

4.15 [Intentionally Deleted]

4.16 Form D; Blue Sky Filings. The Company agrees to timely file a Form D with respect to the Securities as required under Regulation D and to provide a copy thereof, promptly upon request of the Purchaser. The Company shall take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for, or to qualify the Securities for, sale to the Purchaser at the Closing under applicable securities or "Blue Sky" laws of the states of the United States, and shall provide evidence of such actions promptly upon request of any Purchaser.

4.17 Capital Changes. Until the one year anniversary of the Effective Date, the Company shall not undertake a reverse or forward stock split or reclassification of the Common Stock without the prior written consent of the Purchaser.

4.18 [Intentionally Deleted].

4.19 [Intentionally Deleted].

4.20 Board of Directors.

(a) On the Initial Closing Date, four (4) members of the Company's Board of Directors shall resign, and the remaining members of the Board of Directors shall appoint Dr. Gil Amelio, Jim Czirr, Dr. Rod Martin and Dr. Peter Traber to fill the vacant board seats; provided that if one of the nominees is unable or unwilling to serve, then Bobby Greenberg shall be appointed instead.

(b) On the Initial Closing Date, the Nominating and Corporate Governance Committee of the Company's Board of Directors shall be constituted with the following members of the Company's Board of Directors: Dr. Gil Amelio, Dr. Rod Martin and Dr. Mildred Christian, which members shall serve until the Company's annual meeting of shareholders for 2010; provided, however, that if at the time of the Closing any of those named are unable to serve, that person shall be replaced by Jim Czirr.

(c) On the Initial Closing Date, the Compensation Committee of the Company's Board of Directors shall be constituted with the following members of the Company's Board of Directors: Dr. Mildred Christian, Dr. Rod Martin and Bobby Greenberg, which members shall serve until the Company's annual meeting of shareholders for 2010; provided, however, that if at the time of the Closing any of those named are unable to serve, that person shall be replaced by Dr. Gil Amelio.

(d) On the Initial Closing Date, the Board of Directors shall designate Jim Czirr as its Chairman, who shall serve in that capacity until the Company's annual meeting of shareholders for 2010.

(e) The Company shall take all reasonably necessary or desirable actions within its control to ensure that the Board of Directors shall designate Dr. Theodore Zucconi as the Company's Chief Executive Officer and President.

(f) After the Class B Directors have been duly elected and qualified as directors, each member of the Board of Directors will receive either shares of Common Stock or Common Stock Equivalents that will each be subject to a vesting schedule. With respect to Common Stock or Common Stock Equivalents, a reverse vesting schedule shall apply so that any unvested shares of Common Stock or Common Stock Equivalents issued to a director shall be cancelled and forfeited upon resignation. The vesting schedule for the Common Stock or Common Stock Equivalents issued to directors shall be as follows: One-half shall vest after one full year of service, and one-eighth ($1/8^{th}$) shall vest after the completion of each additional full quarter of service after the first year, so that all shares will have vested at the end of two full years of service. Notwithstanding the operation of the foregoing vesting schedule: (i) any director removed for any reason other than malfeasance shall receive a pro rated portion of such Common Stock or Common Stock Equivalents (without regard to the foregoing vesting schedule) based on time served and (ii) upon the death of serving director, all such Common Stock or Common Stock Equivalents shall be deemed immediately vested in full and made available to such deceased director's surviving spouse, other heirs or estate. It is intended that such Common Stock or Common Stock Equivalents shall generally be paid in Common Stock, however, the Company will make efforts to accommodate requests to receive such compensation in Common Stock Equivalents.

(g) All members of the Company's Board of Directors immediately prior to the election and qualification of the Class B Directors that do not continue to serve on the Board of Directors after such date shall receive one-half (1/2) of the number of shares of Common Stock or Common Stock Equivalents granted to the new and continuing members of the Company's Board of Directors. All such Common Stock or Common Stock Equivalents shall be immediately vested.

ARTICLE V.

MISCELLANEOUS

5.1 Termination. This Agreement may be terminated by Purchaser, as to the Purchaser's obligations hereunder only and without any effect whatsoever on the obligations between the Company and the other Purchaser, by written notice to the other parties, if the Initial Closing has not been consummated on or before February 13, 2009; provided, however, that no such termination will affect the right of any party to sue for any breach by the other party (or parties).

5.2 Fees and Expenses. At the Closing, the Company has agreed to reimburse the Purchaser for its reasonable out-of-pocket costs and expenses incurred in connection with the transactions contemplated in the Transaction Documents, including, without limitation, its legal fees and expenses and travel expenses. The Company shall pay all of its fees and expenses of its advisers, counsel, accountants and other experts, if any, and all other expenses incurred incident to the negotiation, preparation, execution, delivery and performance of this Agreement. The Company shall pay all Transfer Agent fees, stamp taxes and other taxes and duties levied in connection with the delivery of any Securities to the Purchaser.

5.3 Entire Agreement. The Transaction Documents, together with the exhibits and schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

5.4 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of (a) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto prior to 5:30 p.m. (New York City time) on a Trading Day, (b) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (c) the 2nd Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth on the signature pages attached hereto.

5.5 Amendments; Waivers. No provision of this Agreement may be waived or amended except in a written instrument signed, in the case of an amendment, by the Company and the Purchaser, in the case of a waiver, by the party against whom enforcement of any such waived provision is sought. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

5.6 Headings. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

5.7 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Purchaser (other than by merger). The Purchaser may assign any or all of its rights under this Agreement to any Person to whom the Purchaser assigns or transfers any Securities, provided such transferee agrees in writing to be bound, with respect to the transferred Securities, by the provisions of the Transaction Documents that apply to the "Purchaser."

5.8 No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns (including any beneficial owner of the Purchaser that is distributed any part of the Securities issued hereunder) and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in Section 4.8.

5.9 Governing Law. All questions concerning the construction, validity, enforcement and interpretation of the Transaction Documents shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement and any other Transaction Documents (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of Wilmington. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of Wilmington for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. If either party shall commence an action or proceeding to enforce any provisions of the Transaction Documents, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

5.10 Survival. The representations and warranties contained herein shall survive the Closing and the delivery of the Series B-1 Preferred, Series B-2 Preferred and Warrants until the Final Purchase Date.

5.11 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

5.12 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

5.13 Replacement of Securities. If any certificate or instrument evidencing any Securities is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof (in the case of mutilation), or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction. The applicant for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs (including customary indemnity) associated with the issuance of such replacement Securities.

5.14 Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each of the Purchaser and the Company will be entitled to specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations contained in the Transaction Documents and hereby agrees to waive and not to assert in any action for specific performance of any such obligation the defense that a remedy at law would be adequate. The parties expressly agree to waive any requirement that the other party post a bond as a prerequisite to obtaining injunctive relief.

5.15 Payment Set Aside. To the extent that the Company makes a payment or payments to the Purchaser pursuant to any Transaction Document or the Purchaser enforces or exercises its rights thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company, a trustee, receiver or any other person under any law (including, without limitation, any bankruptcy law, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

5.16 [Intentionally Deleted].

5.17 Liquidated Damages. The Company's obligations to pay any partial liquidated damages or other amounts owing under the Transaction Documents is a continuing obligation of the Company and shall not terminate until all unpaid partial liquidated damages and other amounts have been paid notwithstanding the fact that the instrument or security pursuant to which such partial liquidated damages or other amounts are due and payable shall have been canceled.

5.18 Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

5.19 Construction. The parties agree that each of them and/or their respective counsel has reviewed and had an opportunity to revise the Transaction Documents and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of the Transaction Documents or any amendments hereto.

5.20 Waiver of Jury Trial. In any action, suit or proceeding in any jurisdiction brought by any party against any other party, the parties each knowingly and intentionally, to the greatest extent permitted by applicable law, hereby absolutely, unconditionally, irrevocably and expressly waives forever trial by jury.

(Signature Pages Follow)

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

PRO-PHARMACEUTICALS, INC.

By: /s/ Anthony Squeglia
Name: Anthony Squeglia
Title: Chief Financial Officer

Address for Notice:

Fax: 617.928.3450
7 Wells Avenue
Newton, MA 02459

With a copy to (which shall not constitute notice):
Greenberg Traurig, LLP
One International Place
Boston, MA 02110
Attn: Jonathan Guest, Esq.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

SIGNATURE PAGE FOR PURCHASER FOLLOWS]

IN WITNESS WHEREOF, the undersigned have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

10X FUND, L.P., a Delaware limited partnership

By: 10X Capital Management, LLC, a Florida limited liability company, its General Partner

By: /s/ Rod D. Martin
Name: Rod D. Martin
Title: Managing Member

Address for Notice:

c/o 10X Capital Management, LLC
1099 Forest Lake Terrace
Niceville, Florida 32578

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

Robert J. Mottern, Esq.
Investment Law Group of
Gillett Mottern & Walker LLP
1230 Peachtree Street, NE
Suite 2445
Atlanta, Georgia 30309

EXHIBIT 10.2

PROMISSORY NOTE

FOR VALUE RECEIVED, Pro-Pharmaceuticals, Inc., a Nevada corporation (the "Maker"), promises to pay to the order of 10X Fund, L.P., a Delaware limited partnership (the "Holder"), or any subsequent Holder, the Redemption Amount that is outstanding from time to time with interest at the rate of 15% per annum, compounded monthly. All principal and accrued interest on this Note shall be payable on the Maturity Date (as hereinafter defined), and until the Maturity Date the Maker shall make quarterly payments of interest, which shall be due on the first day of each calendar quarter, commencing with the first day of the first calendar quarter occuring after the Effective Date of this Note. This Note shall mature on the later the occur of (a) one (1) year after the Effective Date of this Note, or (b) the last Series B-2 Redemption Date to occur with respect to any issue of Series B-2 Convertible Preferred Stock of the Maker.

The "Redemption Amount" shall mean any amount the Maker is required to pay the Holder upon any redemption of Preferred Stock by the due date for payment thereof pursuant to the Certificate of Designation of Preferences, Rights and Limitations of Series B-1 Convertible Preferred Stock and Series B-2 Convertible Preferred Stock of the Maker, as filed with the Secretary of State of Nevada (the "Certificate of Designation").

"Series B-2 Redemption Date" shall have the meaning it is defined to have in the Certificate of Designation.

The "Effective Date" shall mean the date this Note is released from escrow to the Holder pursuant to Section 7(d) of the Certificate of Designation.

In the event any quarterly interest payment is not made within five (5) days of its due date, the Maker shall pay a late charge of five (5%) percent of the amount of the payment, provided that only one (1) such late charge may be collected on any particular payment however long that payment shall remain past due. Upon acceleration of the unpaid principal balance pursuant to this Note, all amounts due under the Note will bear interest at 18% per annum until paid in full. In the event of default on the part of the Maker hereunder, whether by a failure to make a quarterly interest payment or a failure to pay all principal and accrued interest hereunder after demand by the Holder, the unpaid principal shall bear interest at the rate of fifteen percent (l8%) per annum from the date of such default until such default is cured.

Maker may prepay any principal amount of this Note in part or whole without premium or penalty upon thirty (30) days prior written notice to the Holder. Any prepayment shall be applied first to accrued interest and the balance to reduction of the outstanding principal. Any such prepayments shall not postpone the due date of any subsequent quarterly payments nor change the amount of such payments unless otherwise agreed to in writing by Holder.

Principal and interest payments are payable at 1099 Forest Lake Terrace, Niceville, FL 32578, or at such other address that Holder may designate.

If from any circumstances whatsoever fulfillment of any provision of this Note at the time performance of such provision shall be due shall involve transcending the limit prescribed by any applicable usury statute or any other applicable law, with regard to obligations of like character and amount, then, *ipso facto*, the obligation to be fulfilled shall be reduced to the limit

of such validity, so that in no event shall any exaction be possible under this Note or under any other instrument evidencing or securing the indebtedness evidenced hereby, that is in excess of the current limit of such validity, but such obligation shall be fulfilled to the limit of such validity.

Presentment for payment, demand, protest and notice of demand, notice of dishonor and notice of nonpayment and all other notices are hereby waived by Maker. No failure to accelerate the debt evidenced hereby by reason of default hereunder, acceptance of a past due installment, or indulgences granted from time to time shall be construed (1) as a novation of this Note or as a restatement of the indebtedness evidenced hereby or as a waiver of such right of acceleration or of the right of the Holder thereafter to insist upon strict compliance with the terms of this Note, or (2) to prevent the exercise of such right of acceleration or any other right granted hereunder or by applicable law; and Maker hereby expressly waives the benefit of any statute or rule of law or equity now provided, or which may hereafter be provided, which would produce a result contrary to or in conflict with the foregoing. No extension of the time for the payment of this Note or any installment due hereunder, made by agreement with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability of the Maker under this Note, either in whole or in part, unless the Holder agrees otherwise in writing. This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

Maker hereby waives and renounces for itself, its heirs, successors and assigns, all rights to the benefits of any statute of limitations, any moratorium, reinstatement, marshaling, forbearance, valuation, stay, extension, redemption, appraisement and exemption now provided, or which may hereafter by provided, by the Constitution and laws of the United States of America and of the State of Massachusetts or Delaware, against the enforcement and collection of the obligations evidenced by this Note except as described above.

In the event this Note is collected by or through an attorney or by the order of a court of competent jurisdiction, all cost of collection, including but not limited to court costs and reasonable attorneys' fees, shall be paid by Maker. This Note is to be construed and enforced according to the laws of the State of Delaware.

Dated: February 12, 2009.

PRO-PHARMACEUTICALS, INC.

/s/ Maureen Foley
Witness

/s/ Anthony Squeglia
By: Anthony Squeglia
Its: Chief Financial Officer

EXHIBIT 10.3

SECURITY AGREEMENT

This Security Agreement is made and entered into this 12th day of February, 2009, by and between PRO-PHARMACEUTICALS, INC. (hereinafter referred to as "Borrower") and 10X FUND, L.P. (hereinafter referred to as "Lender") as follows:

FOR VALUE RECEIVED, and in order to secure payment of any and all indebtedness of the Borrower to the Lender, now existing or hereafter incurred, matured or unmatured, direct or contingent, including any extensions, renewals and substitutions thereof, the Borrower hereby grants to the Lender a security interest in, all of Borrower's furniture, fixtures, equipment, furnishings, leases and lease rights, supplies, inventory, accounts receivable, contract rights, general intangibles, patents, trade secrets, intellectual property of any and every kind, goods and tangible personal property of every kind and nature, including additions, replacements, accessions and proceeds now and hereafter owned and acquired (hereinafter referred to as "Collateral").

This Security Agreement secures the indebtedness of the Borrower as evidenced by that promissory note ("Promissory Note") given by Borrower to Lender of even date herewith in the Redemption Amount (as defined in the Promissory Note). This Security Agreement secures to Lender: (a) the payment of the Promissory Note and all renewals, extensions and modifications of the Promissory Note; (b) the payment of all other sums, with interest, advanced to protect the security of this Security Agreement including all expenditures for taxes, insurance and repairs and maintenance of the Collateral; (c) the performance of Borrower's covenants and agreements under this Security Agreement and the Promissory Note; and (d) any other indebtedness of the Borrower to the Lender, whether now existing or hereafter incurred, matured or unmatured, direct or contingent.

1. UCC FINANCING STATEMENT. A UCC Financing Statement covering the Collateral herein secured shall be filed for record with the appropriate office in Massachusetts, as well as any notices required by the United States Patent and Trademark Office.

2. PROMISSORY NOTE PAYMENTS. Borrower shall promptly pay when due the principal and interest on the debt evidenced by the Promissory Note and any late charges due under the Promissory Note. Unless applicable law provides otherwise, all payments received by Lender shall be applied first to interest due on the indebtedness, second to the principal due on the indebtedness, and third to any late charges outstanding under the Promissory Note.

3. LIENS. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Collateral that may attain priority over this Security Agreement, and all leasehold payment or ground rents, if any. Borrower shall pay these obligations on time directly to the person owed the payment. Borrower shall promptly furnish to Lender receipts evidencing the payments, if requested by Lender. Borrower shall promptly discharge any lien which may have priority over this Security Agreement. If Lender determines that any part of the Collateral is subject to a lien which may attain priority over this Security Agreement Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien within ten (10) days of the giving of notice. The Borrower will defend the Collateral against all other claims or demands of all persons at any time claiming any interest in the Collateral, when such claim is adverse to the rights of the Lender conveyed in this Agreement.

4. COMPLIANCE WITH LAWS. Borrower shall, at all times, fully comply with all local, State and Federal laws, regulations, statutes or ordinances relating to the use of the Collateral and the operation of Borrower's business. Any Hazardous Substance used by Borrower shall be stored, maintained, removed and disposed of in full compliance with all local, State and Federal (EPA/EPD) laws, regulations, statutes or ordinances. "Hazardous Substances" as used herein means and includes, without limitation, petroleum products, flammable explosives, radioactive materials, asbestos (or any material containing asbestos), polychlorinated biphenyls and any other hazardous, toxic, or dangerous waste, substances, or materials defined as such (or any similar term) for the purposes of any State or Federal laws.

5. TRANSFER OF COLLATERAL. The Borrower shall not, without written consent of the Lender, sell, contract to sell, lease, assign or dispose of any interest of any kind in the Collateral, except for the sale of the Collateral in the normal course of business, until this Security Agreement and all debts secured hereby have been fully paid and satisfied. If all or any part of the Collateral, or any interest in the Collateral, is sold or transferred, or if a beneficial interest in Borrower is sold or transferred, or if the Borrower's business is sold, assigned or transferred without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Agreement. Notwithstanding the foregoing, Borrower shall provide written notice by certified mail to the Lender of any sale, assignment or transfer of any interest in the Borrower's business or the Collateral for so long as there are any debts outstanding from Borrower to Lender.

6. CHANGES IN COLLATERAL. The Borrower will keep the Collateral separate and identifiable at the Borrower's business premises and will not remove the Collateral from said location without the Lender's written consent. The Borrower shall promptly notify Lender in writing of any proposed change in the location or ownership of the Borrower's business. The Borrower shall be allowed to improve or replace any portion of the Collateral with collateral of greater or equal value without prior consent of the Lender. In the event Borrower does replace any Collateral with collateral of greater or equal value, Borrower shall not be obligated to give Lender any of the proceeds from the prior held collateral.

7. INSURANCE. Borrower shall maintain at all times fire, liability and other casualty insurance and any other insurance required, including theft, to protect the Collateral and fully secure Borrower's obligation to Lender. The Lender shall be named as an additional insured and loss payee and shall be provided with a Certificate of Coverage. Such insurance coverage may be reduced by Borrower subsequent to the date of closing provided that said coverage is always at least equal to the amount of Borrower's debt to Lender at that time. Such insurance shall be obtained from companies registered to transact business in the State of Massachusetts and said policy shall be issued in the names of Lender and Borrower, as their respective interests may appear, and proof of coverage and copies of all related documents shall be delivered to Lender, upon Lender's request, but at least annually, until such time as all Borrower's obligations to Lender are satisfied.

In the event Borrower fails to maintain the coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Collateral, and Borrower shall be required to pay to Lender the reasonable costs and expenses incurred by Lender in obtaining such coverage.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender

may make proof of loss if not made promptly by Borrower. Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Collateral damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Agreement, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Collateral, or does not answer within ten (10) days after notice from Lender that the insurance carrier has offered to settle the claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Collateral or to pay sums secured by this Agreement, whether or not then due. The ten (10) day period will begin when the notice is given. Unless Lender and Borrower otherwise agree in writing, any application of insurance proceeds to principal shall not extend or postpone the due date of any payments due under the Promissory Note or change the amount of the payments. If the Collateral is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Collateral prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Agreement immediately prior to the acquisition.

8. BUSINESS RECORDS. The Borrower will at all times keep accurate and complete records of its business and upon default or threat of default, the Lender, or any of the Lender's agents, shall have the right to call at the Borrower's place of business during normal hours of business to inspect the books, records, journals, orders, receipts, correspondence and other data relating to its business and the Collateral or to any other transaction between the parties hereto.

9. PROTECTION OF COLLATERAL. The Borrower shall keep the Collateral in good working order and repair and shall not waste or destroy the Collateral or any part thereof. The Borrower shall not use the Collateral in violation of any statute or ordinance and the Lender or its agent shall have the right to examine and inspect the Collateral during normal business hours upon prior notice to Borrower specifying the reasonable cause for the inspection.

10. PROTECTION OF LENDER'S RIGHTS IN THE COLLATERAL. If Borrower fails to perform the covenants and agreements contained in this Security Agreement, or there is a legal proceeding that may significantly affect Lender's rights in the Collateral (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do, and pay for, whatever is necessary to protect the value of the Collateral and Lender's rights in the Collateral. Lender's actions may include paying any sums secured by a lien that has priority over this Security Agreement, appearing in court, paying reasonable attorneys' fees and entering the location where the Collateral is to make repairs. Although Lender may take action under this paragraph, Lender does not have to do so. Any amounts disbursed by Lender under this paragraph shall become additional debt of Borrower secured by this Security Agreement. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Promissory Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

11. DEFAULT. Notwithstanding anything to the contrary herein, the Borrower shall be in default under this Security Agreement upon the occurrence of any of the following events or conditions:

(a) Default in the payment or performance of any term under any Promissory Note, obligations, covenants, liabilities or any other indebtedness of the Borrower, referred to herein or secured hereby, specifically failure to pay when due any amount, principal or interest, payable on the loan made hereunder.

(b) Any warranty, representation or statement made or furnished to the Lender by or on behalf of the Borrower proves to have been false in any material respect when made or furnished.

(c) Sale, transfer or assignment of a majority interest in the Borrower without the prior written consent of the Lender.

(d) Sale, transfer or assignment of substantially all of the assets of the Borrower without prior written consent of the Lender.

(e) Any levy, seizure or attachment of the Collateral.

(f) A change in the location of the Borrower's business without the prior written consent of the Lender, which consent shall not be unreasonably withheld.

(g) Dissolution, termination of existence, insolvency, business failure, appointment of a receiver for any part of the Collateral, assignment for the benefit of creditors or the commencement of any proceeding under any bankruptcy or insolvency law by or against the Borrower or any guarantor or surety for the Borrower.

(h) Default under the business premises lease.

(i) Default under any obligation of Lender's that has been assumed by Borrower.

(j) Failure to maintain adequate insurance as provided in paragraph 7.

(k) Failure to pay all taxes as required by law.

(l) Waste or destruction of the Collateral or any part thereof.

(m) Any event of default hereunder shall also constitute a default under the terms of the Promissory Note.

12. REMEDIES. Upon the occurrence of any such event of default under this Agreement and prior to exercising the appropriate remedies, including, without limitation, the right of acceleration of the indebtedness, the Lender shall give notice of default to the Borrower. The notice shall specify: (1) the default; (2) the action required to cure the default; (3) a date not less than ten (10) days from the date the notice is given to Borrower by which the default must be cured; and (4) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Agreement and sale of the Collateral. If Borrower fails to cure any default prior to the expiration of the ten (10) day period, Lender may invoke any remedies permitted by this Security Agreement without further notice of demand on Borrower.

The Lender may take such action (without notice and without bond, in that Borrower herein expressly waives all rights thereto prior to foreclosure and seizure by Lender) as it deems advisable to protect and enforce its rights against the Borrower and in and to the Collateral, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as the Lender may determine, in its sole discretion, without impairing or otherwise, affecting the other rights and remedies of the Lender under this Security Agreement or under any other agreement between the Lender and the Borrower:

(a) Declare the Promissory Note to be forthwith due and payable, whereupon the same shall become and be immediately due and payable, both as to principal and interest, without presentment and demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the Promissory Note to the contrary notwithstanding.

(b) Receive and retain all the Collateral and proceeds and all other distributions of any kind upon any and all of the Collateral. Borrower agrees to deliver the Collateral to Lender, and the Lender may without legal process, enter the business premises and take possession of all Collateral and proceeds found therein, without being guilty of trespass, forcible entry or detainer.

(c) Exercise any and all rights and remedies afforded the Lender, as a Lender, in possession of Collateral or otherwise, under any and all applicable provisions of law, all of which rights and remedies shall be cumulative, and not exclusive, to the extent permitted by law. All rights of the Lender hereunder shall inure to the benefit of Lender’s successors and assigns and all obligations of the Borrower shall bind Borrower’s successors and assigns.

(d) Take such action as the Lender may elect with respect to the foreclosure, sale, assignment and delivery of the whole, or from time to time any part of, the Collateral, including, without limitation, sell, assign, and deliver the Collateral at any broker’s board or at any private sale in a commercially reasonable manner, or at public auction, after advertisement of the time and place of the sale, for cash, for credit or for other property, for immediate or future delivery, and for such price or prices as the Lender shall determine, on commercially reasonable terms, and the Lender may bid for and purchase the whole or any part of the Collateral so sold free from any right or equity of redemption; to adjourn any such sale or cause the same to be adjourned from time to time to a subsequent time and place announced at the time and place fixed for the sale; to carry out any agreement to sell any item or items of Collateral in accordance with the terms of such agreement, notwithstanding the fact that after the Lender shall have entered into such an agreement, the Promissory Note may have been paid in full.

(e) The proceeds received by the Lender from the disposition or sale of the Collateral shall be retained by the Lender as compensation for the use of the Collateral while in the Borrower’s possession and not as penalty and shall be applied: (1) to the cost, expenses and reasonable attorney’s fees and expenses incurred by the Lender for the collection and for sale and delivery of the Collateral, and (2) to the outstanding principal and interest on the Promissory Note in such order as the Lender may elect. If any proceeds remain after such application, such remainder shall be paid to the Borrower. Without such sale the fair market

value of the property at the time of repossession may be credited upon the amount unpaid by Borrower. In any event, the Borrower agrees to pay the balance forthwith as liquidated damages for the breach of this Agreement.

(f) Notice of any sale at public auction pursuant to paragraph (d) shall be sufficient for all purposes if a written notice of any such sale is give to the Borrower by mailing a copy of a notice of such sale (naming the place, date and time thereof and a brief statement of the nature of the Collateral to be sold) to the Borrower not less than five (5) days prior to any such sale and if a similar notice is published at least once, in a newspaper of general circulation published in Boston, Massachusetts not less than three (3) days nor more than ten (10) days prior to such sale. The Borrower agrees that any disposition of Collateral made pursuant to the foregoing shall be deemed to have been made in a commercially reasonable manner, but the foregoing provision shall not be deemed to limit the right of the Lender to dispose of any item of Collateral in any other manner provided in Article 9 of the Uniform Commercial Code.

13. BORROWER'S CLAIMS AGAINST REPOSSESSED COLLATERAL. If the Lender repossesses the Collateral, the Borrower agrees to send notice by registered mail to the Lender within twenty-four (24) hours after repossession if the Borrower claims any articles not included herein or used as security hereby were contained in the Collateral at the time of repossession. The Borrower agrees that failure to do so shall be a waiver and bar to any subsequent claim therefore. The Borrower hereby waives the right to remove any legal action, brought by the holder hereof, from the court originally acquiring jurisdiction.

14. ATTORNEY'S FEES. In the event Lender is required to take legal action to enforce any of the provisions of this Security Agreement, then in addition to such relief as shall be granted Lender, Lender shall also be entitled to reasonable attorney's fees.

15. NOTICES. Any notice to Borrower provided for in this Security Agreement shall be given by delivering it or mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the address of the Collateral or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address c/o Chief Executive Officer, 1099 Forest Lake Terrace, Niceville, FL 32578, or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Agreement shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

16. TIME OF PERFORMANCE AND WAIVER. In performing any act under this Security Agreement and the Promissory Note secured hereby, time shall be of the essence. The Lender's extension of the time for payment for any indebtedness or the acceptance of only partial or delinquent payments, or the failure of the Lender to enforce strict performance on the part of the Borrower of any covenant, promise or condition herein contained or contained in any other document evidencing the indebtedness owed the Lender by the Borrower shall not operate as a waiver of the right of the Lender thereafter to require that the terms hereof or the terms of such other documents be strictly performed.

17. RIGHTS OF LENDER. The rights and remedies herein conferred upon the Lender shall be cumulative and not alternative and shall be in addition to and not substitution of the rights and remedies conferred by the Uniform Commercial Code (UCC) of the State of Massachusetts. All rights of the Lender hereunder shall inure to the benefit of its successors and assigns and all obligations of the Borrower shall bind its successors and assigns.

Until all sums secured by this Security Agreement have been paid in full, Borrower, on demand of Lender, shall (or cause the same to be done) execute, acknowledge and deliver all such further instruments and papers, take all such further action as may be requested by Lender to effectuate the purposes hereof, or to provide the rights and remedies of Lender contemplated hereby, or to avoid any breach hereof.

18. GOVERNING LAW; SEVERABILITY. This Security Agreement shall be governed by the law of the State of Massachusetts. In the event that any provision or clause of this Security Agreement or the Promissory Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Agreement or the Promissory Note which can be given effect without the conflicting provision. To this end the provisions of this Security Agreement and the Promissory Note are declared to be severable.

19. CONSTRUCTION AND SURVIVAL. This Agreement is the complete agreement between the parties and any contracts previously executed between the parties, along with such other written or verbal representations or warranties as may have been made by either party, their broker, agents, or assigns, are merged into this Agreement and are extinguished, except as set forth herein. The provisions and warranties contained in this Agreement shall survive the closing.

20. BINDING EFFECT. This Agreement shall inure to the benefit of and be binding upon the Lender and the Borrower and their respective heirs, executors, administrators, successors and assigns and legal representatives, and shall survive the closing of this sale.

21. NUMBER AND GENDER. Whenever required by the context, the singular number shall include the plural and the masculine gender shall include the feminine and the neuter.

22. HEADINGS. Headings of sections, subsections and paragraphs in this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Security Agreement on the day and year first above written.

[SIGNATURES ON FOLLOWING PAGE]

PRO-PHARMACEUTICALS, INC., a Nevada corporation

/s/ Anthony Squeglia

By: Anthony Squeglia
Its: Chief Financial Officer

10X FUND, LP, a Delaware limited partnership

10X Capital Management, LLC, General Partner, a Florida limited liability company

/s/ Rod Martin

By: Rod Martin
Title: Managing Member

EXHIBIT 10.4

ESCROW AGREEMENT

THIS ESCROW AGREEMENT is made and entered into this 12th day of February, 2008, by and between Pro-Pharmaceuticals, Inc., a Nevada corporation ("*Pharma*"), 10X Fund, L.P., a Delaware limited partnership ("*Fund*") and Investment Law Group of Gillett, Mottern & Walker, LLP ("*Escrow Agent*").

WITNESSETH:

WHEREAS, on February 12, 2009, Pharma and the Fund entered into a Securities Purchase Agreement (the "*Purchase Agreement*"), which provided for the issuance of shares of Series B-1 Convertible Preferred Stock and Series B-2 Convertible Preferred Stock (collectively, the "*Preferred Stock*");

WHEREAS, the Preferred Stock is governed by a Certificate of Designation of Preferences, Rights and Limitations of Series B-1 Convertible Preferred Stock and Series B-2 Convertible Preferred Stock of Pharma, as filed with the Secretary of State of Nevada (the "*Certificate of Designation*");

WHEREAS, Section 7(a) of the Certificate of Designation provides that the Fund has the right to demand redemption of the Preferred Stock under certain circumstances, and Section 7(d) of the Certificate of Designation provides that Pharma's obligation to redeem Preferred Stock will convert to a promissory note secured by the assets of Pharma in the event Pharma does not satisfy a redemption obligation on its due date;

WHEREAS, Pharma and the Fund have executed a promissory note and security agreement (the "Note Documents") pursuant to Section 7(d) of the Certificate of Designation, and have agreed that the Note Documents will be held in escrow and released pursuant to this Agreement, and the Escrow Agent has agreed to serve as Escrow Agent in accordance with the terms and conditions set forth herein; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. The Escrow Agent hereby acknowledges receipt of the Note Documents executed by Pharma.

2. The Note Documents are to be held by the Escrow Agent in escrow and disposed of pursuant to and strictly in accordance with the terms and conditions of this Agreement. The Escrow Agent undertakes to perform only such duties as are expressly set forth in this Agreement, and no implied duties or obligations of the Escrow Agent shall be read into this Agreement.

3. The parties agree that the Escrow Agent shall dispose of the Note Documents as follows:

a) To the Fund, in the event an officer of the Fund certifies to the Escrow Agent that the Fund has exercised its right to require redemption of part or all of its Preferred Stock pursuant to Section 7(a) of the Certificate of Designation, and Pharma has failed to pay the Redemption Price (as defined in the Certificate of Designation) by the Redemption Date (as defined in the Certificate of Designation).

b) To Pharma, in the event an officer of Pharma certifies to the Escrow Agent that there are no further shares of Preferred Stock outstanding because they have been redeemed for cash and/or converted into shares of common stock of Pharma pursuant to their terms.

c) Pursuant to joint written instructions signed by Pharma and the Fund.

4. The Escrow Agent shall not make any disbursements of Note Documents except as expressly provided herein.

5. In the event the Escrow Agent is uncertain as to its duties or responsibilities hereunder or either party shall challenge the validity, legality or authenticity of any notice sent by the other party to the Escrow Agent, the Escrow Agent may interplead the Note Documents in the state court of Fulton County, State of Georgia, and Pharma and the Fund consent to jurisdiction and venue in such court for purposes of an interpleader action. The losing party in such proceeding shall indemnify and hold harmless the Escrow Agent from all costs and expenses, including reasonable attorney's fees associated with the proceeding. Escrow Agent may act in reliance upon any writing or instrument or signature which it in good faith believes to be genuine and may assume that any person purporting to give any writing, notice, advice, or instruction in connection with the provisions hereof has been duly authorized to do so. Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner of execution or validity of any instrument deposited in this escrow nor as to the identity, authority or right of any persons executing the same, and its duties hereunder shall be limited to the safekeeping of the Note Documents and for the disposition of same in accordance with this Agreement. Escrow Agent hereby executes this Agreement for the sole and exclusive purpose of evidencing its Agreement of the provisions hereof.

6. Pharma and the Fund agree to indemnify and hold the Escrow Agent harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity, or any other expense, fees, or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Escrow Agent under this Agreement, and in connection therewith, to indemnify the Escrow Agent against any and all expenses, including reasonable attorney's fees and the cost of defending any action, suit or proceeding or resisting any claim.

7. The Escrow Agent may consult with counsel of its own choice and shall have full and complete authorization and protection for any action taken or suffered by it and hereunder in good faith and in accordance with the opinion of such counsel. The Escrow Agent shall otherwise not be liable for any mistakes of fact or error in judgment, or for any acts or omissions of any kind unless caused by its willful misconduct or gross negligence.

8. The parties agree that Pharma shall be responsible for the fees and expenses of the Escrow Agent for serving as Escrow Agent hereunder, which shall be billed at the Escrow Agent's normal hourly rate.

9. The provisions of this Agreement may not be amended, supplemented, waived or changed orally, but only by a writing signed by the party as to whom enforcement of any such amendment, modification, supplement or waiver is sought and making specific reference to this Agreement.

10. All notices required or permitted hereunder, and under any instrument delivered pursuant hereto, shall be given in writing, and shall be deemed to have been given and received upon the earlier to occur of: (a) the actual receipt of any such notice by the intended recipient; and (b) the third business day following deposit of any such notice enclosed in a wrapper with postage prepaid, properly addressed to the intended recipient at its address set forth below, as a certified item, return receipt requested, in an official depository of and under the care and custody of the United States Postal Service. The parties' address for notice shall be as set forth in the first paragraph of this Agreement. Any party hereto may change its address for notice set forth herein by giving the other parties at least 10 days advance written notice of such change of address. All notices to the Escrow Agent shall be sent to:

Investment Law Group of
Gillett, Mottern & Walker, LLP
1230 Peachtree Street, N.E.
Suite 2445
Atlanta, Georgia 30309
Phone: 404-607-6933
Fax: 404-607-6942
Email: bmottern@investmentlawgroup.com

12. Escrow Agent shall have no duties or responsibilities other than those expressly set forth herein. Escrow Agent shall not be liable for any action taken or omitted by it, or any action suffered by it, except for gross negligence or willful misconduct. The Escrow Agent shall not be bound by any notice or demand unless evidenced by a writing delivered to Escrow Agent signed by the proper party or parties.

13. This Agreement contains the entire understanding between and among the parties hereto with respect to the subject matter hereof, and shall be binding upon and inure to the benefit of such parties, and their respective heirs, successors in interest and legal representatives.

14. This Agreement is governed by, and is to be construed in accordance with, the laws of the State of Georgia.

This Agreement may be executed in counterpart.

PHARMA:

Pro-Pharmaceuticals, Inc., a Nevada corporation

/s/ Anthony Squeglia

By: Anthony Squeglia

Address: 7 Wells Avenue
Newton, MA 02453
Phone: (617) 559-0033
Fax: (617) 928-3450
Email: squeglia@pro-pharmaceuticals.com

FUND:

10X FUND, LP, a Delaware limited partnership

10X Capital Management, LLC, General Partner

/s/ James C. Czirr

By: James C. Czirr
Title: Managing Partners

Address: 1099 Forest Lake Terrace
Niceville, FL 32578
Phone: (850) 502-7659
Fax: (850) 678-8722
Email: jimczirr52@gmail.com

ESCROW AGENT:

INVESTMENT LAW GROUP OF GILLETT, MOTTERN & WALKER, LLP

/s/ Robert J. Mottern

By: Robert J. Mottern, Vice President

EXHIBIT 10.5

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made and entered into as of February 12, 2009, by and among Pro-Pharmaceuticals, Inc., a Nevada corporation (the "Issuer"), 10X Fund, L.P., a Delaware limited partnership, or its registered successors and assigns (the "Holder").

WHEREAS, pursuant to the terms of a Securities Purchase Agreement, dated as of the date hereof, by and among the Issuer and the Holder (the "Purchase Agreement"), the Issuer has agreed to issue to the Holder an aggregate of (a) 900,000 shares of unregistered Series B-1 Convertible Preferred Stock, par value $0.01 per share, of the Issuer (the "Series B-1 Preferred"), and (b) up to 2,100,000 shares of unregistered Series B-2 Convertible Preferred Stock, par value $0.01 per share, of the Issuer (the "Series B-2 Preferred," and collectively with the Series B-1 Preferred, the "Preferred Shares"), which are each convertible into a number of shares of the common stock, $0.001 par value per share (the "Common Stock"), of the Issuer on a basis set forth in the certificate of designation for the Preferred Shares (the "Conversion Shares");

WHEREAS, under certain circumstances, the Issuer has the right to pay dividends that accrue on the Preferred Shares in shares of Common Stock (the "Dividend Shares");

WHEREAS, pursuant to the terms of the Purchase Agreement, Holder will also receive (a) (i) two Class A-1 Warrants (the "A-1 Warrant") to purchase one share of Common Stock at an exercise price of $0.50 per share for each Preferred Share, (ii) two Class A-2 Warrants (the "A-2 Warrant") exercisable to purchase one share of Common Stock at an exercise price of $0.50 per share for each Preferred Share, and (iii) eight Class B Warrants (the "B Warrant"), each of which is exercisable to purchase one share of Common Stock at a purchase price of $0.50 per share for each Preferred Share (collectively, the "Warrants", and the shares of Common Stock issuable thereunder, the "Warrant Shares");

WHEREAS, it is a condition to the terms of the transactions contemplated by the Purchase Agreement and the Warrants that the Issuer and the Holder execute this Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. Definitions

As used in this Agreement:

(a) "Person" shall mean an individual, partnership, corporation, limited liability company, association, trust, joint venture, unincorporated organization or other entity, and any government, governmental department or agency or political subdivision thereof.

(b) the terms "register," "registered" and "registration" refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act (and any post-effective amendments filed or required to be filed) and the declaration or ordering of effectiveness of such registration statement;

(c) the term "Registrable Securities" means the Conversion Shares, the Dividend Shares and the Warrant Shares;

(d) “Registration Expenses” shall mean all expenses incurred by the Issuer in compliance with Section 2 hereof, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for the Issuer, blue sky fees and expenses and the expense of any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Issuer, which shall be paid in any event by the Issuer), and reasonable fees and expenses of one counsel to the Holders;

(e) “Registration Statement” means a registration statement under the Securities Act, on Form S-1 or such other form promulgated thereunder, together with such other registrations and filings under other securities laws that are customary with respect to a public offering of securities.

(f) “Rule 144” means Rule 144 promulgated under the Securities Act or any successor rule thereto or any complementary rule thereto (such as Rule 144A).

(g) “SEC” shall mean the Securities and Exchange Commission.

(h) “Securities Act” shall mean the Securities Act of 1933, as amended.

(i) “Selling Expenses” shall mean all underwriting discounts and selling commissions applicable to the sale of the Registrable Securities of the Holder and any fees and disbursements of counsel to the Holder which are not Registration Expenses.

Section 2. Registration

As soon as reasonably practicable following the Final Purchase Date (as defined in the Purchase Agreement), the Issuer shall use its commercially reasonable best efforts to take all steps necessary to effect the registration of the Registrable Securities contemplated hereby including, without limitation:

(a) prepare and file a Registration Statement with the SEC to register the Registrable Securities, and use commercially reasonable efforts, including filing any amendments to such registration statement in response to comments of the staff of the SEC, to have such registration statement declared effective by the SEC as soon as reasonably possible and remain effective for a period of ninety (90) days or until all of the Registrable Securities have been disposed of;

(b) furnish, at least five business days before filing a Registration Statement that registers such Registrable Securities, a prospectus relating thereto and any amendments or supplements relating to such Registration Statement or prospectus, to counsel selected by the Holder (the “Holder’s Counsel”), copies of all such documents proposed to be filed (it being understood that such five-business-day period need not apply to successive drafts of the same document proposed to be filed so long as such successive drafts are supplied to the Holder’s Counsel in advance of the proposed filing by a period of time that is customary and reasonable under the circumstances);

(c) notify Holder’s Counsel in writing (i) of the receipt by the Company of any

notification with respect to any comments by the SEC with respect to such Registration Statement or prospectus or any amendment or supplement thereto or any request by the SEC for the amending or supplementing thereof or for additional information with respect thereto, (ii) of the receipt by the Company of any notification with respect to the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or prospectus or any amendment or supplement thereto or the initiation or threatening of any proceeding for that purpose and (iii) of the receipt by the Company of any notification with respect to the suspension of the qualification of such Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purposes;

(d) use its commercially reasonable best efforts to register or qualify such Registrable Securities under such other securities or blue sky laws of such jurisdictions as the Holder reasonably request and do any and all other acts and things which may be reasonably necessary or advisable to enable the Holder to consummate the disposition in such jurisdictions of the Registrable Securities owned by the Holder; provided, however, that the Company will not be required to qualify generally to do business, subject itself to general taxation or consent to general service of process in any jurisdiction where it would not otherwise be required to do so but for this paragraph (e) or to provide any material undertaking or make any changes in its By-laws or Articles of Incorporation which the Company's Board of Directors determines to be contrary to the best interests of the Company or to modify any of its contractual relationships then existing;

(e) furnish to the Holder such number of copies of a summary prospectus, if any, or other prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as the Holder may reasonably request in order to facilitate the public sale or other disposition of such Registrable Securities;

(f) without limiting subsection (d) above, use its commercially reasonable best efforts to cause such Registrable Securities to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of the Company to enable the Holder to consummate the disposition of the Registrable Securities;

(g) notify the Holder on a timely basis at any time when a prospectus relating to the Registrable Securities is required to be delivered under the Securities Act within the appropriate period mentioned in subsection (a) above, of the happening of any event as a result of which the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing and, at the request of the Holder, prepare and furnish to the Holder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the offerees of such shares, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(h) subject to the execution of confidentiality agreements in form and substance

satisfactory to the Company, make available upon reasonable notice and during normal business hours, for inspection by the Holder any underwriter participating in any disposition pursuant to such Registration Statement and any attorney, accountant or other agent retained by the Holder or underwriter (collectively, the "Inspectors"), all pertinent financial and other records, pertinent corporate documents and properties of the Company (collectively, the "Records"), as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors and employees to supply all information (together with the Records, the "Information") reasonably requested by any such Inspector in connection with such Registration Statement. Any of the Information which the Company determines in good faith to be confidential, and of which determination the Inspectors are so notified, shall not be disclosed by the Inspectors unless (i) the disclosure of such Information is necessary to avoid or correct a misstatement or omission in the Registration Statement, (ii) the release of such Information is ordered pursuant to a subpoena or other order from a court of competent jurisdiction or (iii) such Information has been made generally available to the public; the Holder agrees that it will, upon learning that disclosure of such Information is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at the Company's expense, to undertake appropriate action to prevent disclosure of the Information deemed confidential.

(i) use its commercially reasonable best efforts to obtain from (i) its independent certified public accountants, "cold comfort" letters, and (ii) its counsel, an opinion or opinions, each in customary form and at customary times;

(j) list such Registrable Securities on any national securities exchange on which any shares of the Common Stock are listed or, if the Common Stock is not listed on a national securities exchange, use its best efforts to qualify such Registrable Securities for quotation on the automated quotation system of the NASDAQ, National Market System or such other national securities exchange as the Holder shall reasonably request; and

(k) otherwise use its commercially reasonable best efforts to comply with all applicable rules and regulations of the SEC and make available to the Holder, as soon as reasonably practicable, earnings statements (which need not be audited) covering a period of 12 months beginning within three months after the effective date of the Registration Statement, which earnings statements shall satisfy the provisions of Section 11(a) of the Securities Act.

The Holder must timely deliver to the Issuer a duly completed and signed Selling Securityholder Notice and Questionnaire in the form of Annex A hereto.

Section 3. Expenses of Registration

All Registration Expenses incurred in connection with any registration, qualification or compliance pursuant to this Agreement shall be borne by the Issuer, and any and all Selling Expenses of the Holder shall be borne by the Holder.

Section 4. Indemnification

(a) The Issuer will indemnify each Holder and each of its officers and directors, as applicable, with respect to each registration which has been effected pursuant to this Agreement,

and each underwriter, if any, and each person who controls any underwriter, against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any prospectus, offering circular or other document (including any related registration statement, notification or the like) incident to any such registration, qualification or compliance, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by the Issuer of the Securities Act or any rule or regulation thereunder applicable to the Issuer and relating to action or inaction required of the Issuer in connection with any such registration, qualification or compliance, and will reimburse each Holder and its directors and officers, as applicable, for any legal or any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability or action; provided that the Issuer will not be liable in any such case to the extent that any such claim, loss, damage, liability or expense arises out of or is based on any untrue statement or omission based upon written information furnished to the Issuer by a Holder or underwriter or any person who controls any underwriter.

(b) Each Holder will, if Registrable Securities held by it are included in the securities as to which such registration, qualification or compliance is being effected, indemnify the Issuer, each of its directors and officers and each underwriter, if any, of the Issuer's securities covered by such a registration statement, each person who controls the Issuer or such underwriter, each other stockholder of the Issuer participating in such registration, and each of their respective officers, directors, and partners, and each person controlling such other stockholder, in each case, against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any such registration statement, prospectus, offering circular or other document made by such Holder, or any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements by such Holder therein not misleading, and will reimburse the Issuer and such other Holder, directors, officers, members, partners, persons, underwriters or control persons for any legal or any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability or action, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such registration statement, prospectus, offering circular or other document in reliance upon and in conformity with written information furnished to the Issuer by such Holder.

(c) Each party entitled to indemnification under this Section 4 (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom; provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or any litigation resulting therefrom, shall be approved by the Indemnified Party (whose approval shall not unreasonably be withheld) and the Indemnified Party may participate in such defense at such party's expense (unless the Indemnified Party shall have reasonably concluded that there may be a conflict of interest between the Indemnifying Party and the Indemnified Party in such action, in which case the fees and expenses of counsel shall be at the expense of the Indemnifying Party), and provided further that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of

its obligations under this Agreement unless the Indemnifying Party is materially prejudiced thereby. No Indemnifying Party, in the defense of any such claim or litigation shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. Each Indemnified Party shall furnish such information regarding itself or the claim in question as an Indemnifying Party may reasonably request in writing and as shall be reasonably required in connection with the defense of such claim and litigation resulting therefrom.

(d) If the indemnification provided for in this Section 4 is held by a court of competent jurisdiction to be unavailable to an Indemnified Party with respect to any loss, liability, claim, damage or expense referred to herein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party hereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other in connection with the statements or omissions which resulted in such loss, liability, claim, damage or expense, as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and of the Indemnified Party shall be determined by reference to, among other things, whether the untrue (or alleged untrue) statement of a material fact or the omission (or alleged omission) to state a material fact relates to information supplied by the Indemnifying Party or by the Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) Notwithstanding the foregoing and subject to Section 4(g) hereof, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into by, *inter alia*, the Holder in connection with any underwritten public offering contemplated by this Agreement are in conflict with the foregoing provisions, the provisions in such underwriting agreement shall be controlling.

(f) The foregoing indemnity agreement of the Issuer and the Holder is subject to the condition that, insofar as they relate to any loss, claim, liability or damage made in a preliminary prospectus but eliminated or remedied in the amended prospectus on file with the SEC at the time the registration statement in question becomes effective or the amended prospectus filed with the SEC pursuant to SEC Rule 424(b) (the "Final Prospectus"), such indemnity agreement shall not inure to the benefit of any underwriter if a copy of the Final Prospectus was furnished to the underwriter and was not furnished to the person asserting the loss, liability, claim or damage at or prior to the time such action is required by the Securities Act.

(g) Notwithstanding any provision of this Agreement or in any underwriting agreement contemplated hereby, in accordance with Section 17(i) if the Investment Company Act of 1940, as amended, any provision in an underwriting agreement to be entered into in connection with the registration of Shares pursuant to this Agreement which protects or purports to protect the underwriter or underwriters against any liability to the Issuer or its security Holder to which such underwriter(s) would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of their duties or by reason of such underwriter(s) reckless disregard of their obligations and duties under the underwriting agreement shall be expressly made inapplicable to the Issuer.

Section 5. Information by the Holder

Each Holder shall furnish to the Issuer such information regarding such Holder and the distribution proposed by such Holder as the Issuer may reasonably request in writing and as shall be reasonably required in connection with any registration, qualification or compliance referred to in this Agreement.

Section 6. Rule 144 Reporting

With a view to making available the benefits of certain rules and regulations of the SEC which may permit the sale of restricted securities to the public without registration, the Issuer agrees to, in addition to any and all of its other obligations under this Agreement:

(a) make and keep public information available as those terms are understood and defined in Rule 144 at all times;

(b) use its commercially reasonable efforts to file with the SEC in a timely manner all reports and other documents required of the Issuer under the Securities Act and the Exchange Act; and

(c) so long as the Holder owns any Registrable Securities, furnish to the Holder upon request a written statement by the Issuer as to its compliance with the reporting requirements of Rule 144 and of the Securities Act and the Exchange Act, a copy of the most recent annual or quarterly report of the Issuer, and such other reports and documents so filed as the Holder may reasonably request and as is necessary for the Holder to avail itself of any rule or regulation of the SEC allowing the Holder to sell any of such securities without registration.

Section 7. Market Stand-off Agreement

The Holder agrees, if requested by the Issuer and an underwriter of the Common Stock (or other securities) of the Issuer, not to sell or otherwise transfer or dispose of any Common Stock (or other securities of the Issuer) held by the Holder during the 90-day period following the effective date of a registration statement of the Issuer filed under the Securities Act; provided, however, that the Issuer shall not make such a request unless all similarly situated selling securityholders (regardless of the number of shares owned) are to be restricted in the same manner (including duration and nature of transfer restrictions) without discrimination and the Issuer accompanies such request with an officer’s certificate identifying the other securityholders to be bound by such an agreement. If requested by the underwriters, the Holder shall execute a separate agreement to the foregoing effect. The Issuer may impose stop-transfer instructions with respect to the shares (or securities) subject to the foregoing restriction until the end of said 90-day period. The provisions of this Section 7 shall be binding upon any transferee who acquires Registrable Securities, whether or not such transferee is entitled to the registration rights provided hereunder.

Section 8. Miscellaneous

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made and to be performed entirely within such State without regard to principles of conflicts of law.

(b) Paragraph and Section Headings. The descriptive headings of the several sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

(c) Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (i) when delivered personally to the recipient, (ii) when sent to the recipient by telecopy (receipt electronically confirmed by sender's telecopy machine) if during normal business hours of the recipient, otherwise on the next business day, (iii) one business day after the date when sent to the recipient by reputable express courier service (charges prepaid), or (iv) seven business days after the date when mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid. Such notices, demands and other communications shall be sent to the Holder and to the Issuer at the addresses indicated below:

If to the Holder:	10X Fund, L.P. c/o 10X Capital Management, LLC 1099 Forrest Lake Terrace Niceville, Florida 32578 Attn: Rod Martin
With a copy to: (which shall not constitute notice)	Investment Law Group of Gillett, Mottern & Walker, LLP 1230 Peachtree Street, N.E., Suite 2445 Atlanta, Georgia 30309 Attention: Robert J. Mottern, Esq. Fax: (404) 607-6942
If to the Issuer:	Pro-Pharmaceuticals, Inc. 7 Wells Avenue Newton, Massachusetts 02459 Attn: Anthony D. Squeglia, Chief Financial Officer Fax.: (617) 928-3450
With a copy to: (which shall not constitute notice)	Greenberg Traurig, LLP 1 International Place Boston, MA 02110 Attention: Jonathan C. Guest, Esq. Fax.: (617) 897-0966

or to such other address as a party hereto may, from time to time, designate in writing delivered pursuant to the terms of this Section.

(d) Amendments. The terms, provisions and conditions of this Agreement may not be changed, modified or amended in any manner except by an instrument in writing duly executed by each of the parties hereto.

(e) Assignment. Neither this Agreement nor any of the rights, duties, or obligations of any party hereunder may be assigned or delegated (by operation of law or otherwise) by either party hereto except with the prior written consent of the other party hereto; provided, however, that the Holder may assign or delegate its rights, duties and obligations hereunder to any transferee of the Holder's Registrable Securities who agrees in writing to become bound by the terms and conditions of this Agreement, so long as such assignment or delegation is not in violation of any applicable law or regulation.

(f) Counterparts. For the convenience of the parties, any number of counterparts of this Agreement may be executed by any one or more parties hereto, and each such executed counterpart shall be, and shall be deemed to be, an original, but all of which shall constitute, and shall be deemed to constitute, in the aggregate but one and the same instrument.

(g) Entire Agreement. This Agreement embodies the entire agreement and understanding of the parties hereto in respect of the subject matter hereof. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein.

[Signature Pages Follow]

IN WITNESS WHEREOF, each of the parties hereto has caused this Registration Rights Agreement to be executed on its behalf by its officers thereunto duly authorized, all as of the day and year first above mentioned.

ISSUER:

PRO-PHARMACEUTICALS, INC., a Nevada corporation

By: /s/ Anthony Squeglia
Name: Anthony Squeglia
Title: Chief Financial Officer

HOLDER:

10X FUND, L.P., a Delaware limited partnership

By: 10X Capital Management, LLC, a Florida limited liability company, its general partner

By: /s/ Rod Martin
Name: Rod D. Martin
Title: Managing Member

EXHIBIT 10.6

TECHNOLOGY TRANSFER AND SHARING AGREEMENT

This Technology Transfer and Sharing Agreement is made and entered into effective as of February 12, 2009, by and between Pro-Pharmaceuticals, Inc., a Nevada corporation ("ProPharma"), and Medi-Pharmaceuticals, Inc., a Nevada corporation ("MediPharma").

RECITALS

A. ProPharma owns ten percent (10%) of the outstanding capital stock of MediPharma.

B. Pro-Pharma and Medi-Pharma entered into the certain License Agreement, dated as of November 25, 2008, as modified by operation of the certain letter agreement, dated as of December 15, 2008, (collectively, the "License Agreement").

C. The Board of Directors of each of the parties have determined it to be in the best interest of such party and its shareholders to 'bifurcate' the two companies, i.e. to enter into a new contractual arrangement between them, whereby ProPharma will continue to concentrate in the field of oncology and MediPharma will, separately, concentrate on and develop a business in the field of cardiology.

D. The parties have also determined that, in furtherance of the foregoing, the License Agreement should be terminated.

E. The parties wish to set forth the salient terms of this new contractual arrangement and provide for certain other matters.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the sufficiency of which is hereby acknowledged and intending to be legally bound, the parties hereto hereby agree as follows:

1. Termination of the License Agreement. The License Agreement shall and hereby is, effective the date hereof, terminated, cancelled and deemed to have no force and effect with respect to all of the provisions thereof, with the parties thereto having no further obligations to one another.

2. Sharing With Respect to Fibrosis. It is acknowledged that ProPharma has filed a use patent with respect to the application of polysaccharides with respect to the disease indication known as Fibrotic tissue in Liver or Kidney (the "LK Fibrosis"). Medi-Pharma shall not, during the Exclusivity Period (as hereinafter defined), without the explicit written consent from Pro-Pharma, engage in research, evaluation, clinical development, marketing or other commercial exploitation designed to develop regiments and procedures for polysaccharide based therapies in LK Fibrosis. However, it is agreed and understood that Medi-Pharma and Pro-Pharma shall each have the unrestricted right to engage in research, evaluate and clinically develop regiments and procedures in the field of Fibrotic tissue other than LK Fibrosis. In furtherance of the foregoing, ProPharma shall and hereby does grant Medi-Pharma unrestricted access (except for DAVANAT) to any and all chemical or molecular designs now owned by Pro-Pharma with respect to the general use of polysaccharides in the area of Fibrotic tissue for use by Medi-Pharma in applications other than for an LK Fibrosis, and in turn Medi-Pharma shall and hereby does grant

Pro-Pharma unrestricted access to any and all of its chemical or molecular designs with respect to the general use of polysaccharides in the area of Fibrotic tissue for use by Pro-Pharma in LK Fibrosis (but not in non-LK Fibrosis indications). In the event Medi-Pharma inadvertently develops during the Exclusivity Period a therapy for the indication of LK Fibrosis, MediPharma hereby grants Pro-Pharma an exclusive right, exercisable within one hundred twenty (120) days after written notice from MediPharma, to commercially exploit such therapy for a Fair Royalty (as hereinafter defined).

3. Acknowledgement and Transfer with respect to Applications other than Fibrosis. It is acknowledged that Pro-Pharma has engaged in research and clinical development of regiments, procedures and specific drugs and has obtained patents and has patents pending, all with respect to the use of polysaccharides in disease indications defined as Oncology, including a drug known as DAVANAT® (collectively "Oncology Indications"). In this connection, it is agreed and understood that Medi-Pharma shall have the unrestricted right to engage in research, evaluate, clinically develop, market and otherwise commercially exploit regiments and procedures involving the use of polysaccharides for the treatment of all disease indications other than Oncology Indications and other than Fibrosis indications, which are specifically dealt with in Section 2 herein. In furtherance of the foregoing, Pro-Pharma shall and hereby does license to Medi-Pharma in perpetuity any and all research data, chemical and molecular designs and other intellectual property rights (collectively "Items of IP") now owned by Pro-Pharma with respect to the use of polysaccharides in the prevention and treatment of Arterial Cardiac Syndrome, Congestive Heart Failure and Arteriosclerosis/Artheroscelerosis, as well as any other polysaccharides for use in the prevention and treatment of heart diseases ("Heart Indications"). The parties agree that the Items of IP are licensed to Medi-Pharma pursuant to the preceding sentence are licensed "as is, where is", with no warranties express or implied, and that Pro-Pharma shall be under no obligation to indemnify or hold Medi-Pharma harmless against any claim by a third party alleging that any Item of IP infringes its rights.

4. Mutual Covenant Not to Compete. Medi-Pharma shall not, during the period beginning on the date hereof and ending on the fifth (5^{th}) anniversary of the date hereof (the "Exclusivity Period"), without the explicit written consent from Pro-Pharma, engage in research, evaluation, clinical development, marketing or other commercial exploitation specifically designed to develop regiments and procedures for polysaccharide based therapies in Oncology Indications. By the same token, Pro-Pharma shall not, during the period beginning on the date hereof and ending on the fifth (5^{th}) anniversary of the date hereof, without the explicit written consent of Medi-Pharma, engage in research, evaluation, clinical development, marketing or other commercial exploitation specifically designed to develop regiments and procedures for polysaccharide based therapies in Heart Indications. In case Medi-Pharma inadvertently develops during the Exclusivity Period an Item of IP related to polysaccharide based therapies in Oncology Indications, or in case Pro-Pharma inadvertently develops during the Exclusivity Period an Item of IP related to polysaccharide based therapies in Heart Indications, Medi-Pharma or Pro-Pharma, as the case may be, shall grant ProPharma or MediPharma, as the case may be, an exclusive right until the end of the Exclusivity Period and a nonexclusive right after the expiration of the Exclusivity Period, each exercisable within one hundred twenty (120) days after written notice from the other party, to commercially exploit such Item of IP. In the event a party desires to commercially exploit an Item of IP developed by the other party hereunder, the parties agree to negotiate in good faith for a period of 30 days to determine a fair market royalty and other license terms for the use of the Item

of IP, taking into account evidence of license terms negotiated by arms length parties in comparable situations, including the size of the market and potential revenues for the product developed from the Item of IP, the time and investment necessary to obtain an NDA for the product, the ease or difficulty of manufacture and other factors, and in the event the parties cannot agree upon a fair market royalty and other license terms, the parties agree to submit the issue to an arbitrator in binding arbitration, who shall be authorized to set a fair market royalty and license terms based upon evidence submitted by the parties (the royalty determined as a result of this process herein called the "Fair Royalty"). The failure of a party to exercise its right to commercially exploit an Item of IP developed by the other party as described above shall not terminate the Exclusivity Period to which such party is entitled herein, provided, however, that failure to exercise an exclusive right shall terminate any nonexclusive right granted in this Section 4.

5. Dispute Resolution. The parties recognize that in the event of a breach by a party of any of the provisions of this Agreement, money damages would not be an adequate remedy to the other party for such breach and, even if money damages were adequate, it would be difficult to ascertain or measure with any degree of accuracy the damages sustained by the other party therefrom. Accordingly, if there should be a breach or threatened breach by a party of the provisions of this Agreement, the other party shall be entitled, without posting bond, to an injunction restraining such party from any such breach. Nothing in the preceding sentence shall limit or otherwise affect any remedies that a party may otherwise have under applicable law, except in case of litigation; each party shall in good faith participate in a mediation process reasonably available to the parties.

6. Miscellaneous Provision.

(a) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(b) This Agreement may be executed in one or more counterpart signature pages, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement, which shall be binding upon all of the parties hereto notwithstanding the fact that all parties are not signatory to the same counterpart. The exchange and delivery of executed copies of this Agreement and of signature pages by facsimile transmission, by electronic mail in "portable document format" (".pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature and shall be binding for all purposes hereof.

(c) This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings and negotiations, both written and oral, between the parties with respect to the subject matter of this Agreement.

(d) If any provision of this Agreement, or the application thereof to any person, place or circumstance, shall be held by an arbitral tribunal or court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provisions as applied to other persons, places and circumstances shall remain in full force and effect if, but only if, after

excluding the portion deemed to be unenforceable, the remaining terms shall provide for the consummation of the transactions contemplated hereby in substantially the same manner as originally set forth at the later of the date this Agreement was executed or last amended.

(e) The provisions of this Agreement are for the benefit of the parties and no provision of this Agreement shall be deemed to create any third party beneficiary rights in any person, including any officer, director or employee or former employee of any of the parties or any beneficiary or dependent thereof.

(f) This Agreement shall be construed in accordance with and governed by the laws of the State of Nevada (without reference to its principles of choice or conflict of laws).

(g) 10X Fund, LP ("10X Fund") hereby acknowledges that this Agreement is an integral part of the "bifurcation" transaction generally described in Recital C hereof, such transaction consisting, among other things, of an up to six million dollars investment by 10X Fund in preferred stock of ProPharma and the entry (A) by Dr. David Platt and ProPharma into the certain Separation Agreement and (B) by ProPharma, MediPharma, Dr. David Platt and Dr. Eliezer Fomer into the certain Consulting Services Agreement, each of approximate even date herewith.

[Signatures appear on following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Technology Transfer and Sharing Agreement to be duly executed by their respective officers as of the date first above written.

Pro-Pharmaceuticals, Inc.

By: /s/ Anthony Squeglia
Anthony Squeglia, CFO

Medi-Pharmaceuticals, Inc.

By: /s/ Rod Martin
Rod Martin, Managing Member

EXHIBIT 10.7

CONSULTING AGREEMENT

CONSULTING AGREEMENT effective as of the later of the 12th day of February, 2009 or the date (the "Effective Date") on which the Company (defined below) initially consummates a finance transaction with 10X Fund L.P., a Delaware limited partnership, by and between Pro-Pharmaceuticals, Inc., a Nevada corporation the ("Company"), and Medi-Pharmaceuticals, Inc., a Nevada corporation (the "Consultant"). The Consultant confirms that it currently employs David Platt, Ph.D. ("Platt") and Eliezer Zomer, Ph.D. ("Zomer"), each a resident of Newton, Massachusetts and formerly employed by the Company.

WHEREAS, the Company requires certain consulting services in relation to laboratory procedures and techniques; and

WHEREAS, the Consultant is capable of, and is willing to, provide such consulting services to the Company.

NOW THEREFORE, in consideration of the mutual promises hereinafter set forth, the parties hereto agree as follows:

1. Engagement. During the Term (as defined below), the Consultant hereby agrees to provide the Company the following consulting services: (a) the performance by the Consultant of certain manufacturing and development services related to DAVANAT®, a technology owned by the Company (the "Technology"); (b) training by the Consultant to the Company's technicians in best practices for certain laboratory processes and procedures, including, but not limited to, manufacture in accordance with Good Manufacturing Practices (GMP) and administration of the Technology, at the reasonable request of the Company; and (c) upon request, advice and review relative to current pre-clinical trials and clinical trials, and submissions of information or other documentation, whether in the form of an investigative new drug (IND) application, new drug application (NDA), drug master file (DMF) or otherwise related based on such trials to the Food and Drug Administration related to the Technology (the "Engagement").

2. Compensation.

   (a) To the extent that services related to the Engagement are provided by Platt, the Consultant shall receive no compensation.

   (b) To the extent that services related to the Engagement are provided by Zomer, the Company shall pay Consultant (i) $9176 per month (one-half of Zomer's compensation at the Company prior to the Effective Date), the first payment of which shall be not later than thirty (30) days after the Effective Date; (ii) the employer's portion of employment-related taxes related to the compensation paid pursuant to the preceding clause (such amount to be included monthly with such compensation); and (iii) $2,000 per month as reimbursement for medical insurance incurred by Consultant on behalf of Zomer; provided, however, that the Company's obligation for the matters in clauses (ii) and (iii) shall terminate if and when the Consultant has received at least $1,000,000 of funding.

Within ten business days after submission by the Company to the Food and Drug Agency of the results of the pharmacokinetic study data relative to human clinical trials of the Technology which are ongoing as of the Effective Date, the Company shall grant Zomer fully vested cashless-exercise stock options exercisable to purchase such number of shares, as the Company may reasonably determine following consultation with Zomer, of the common stock of the Company ("Common Stock") for ten (10) years at an exercise price not less than the fair market value of the Common Stock determined as of the date of the grant ("Cashless Stock Options").

Within ten business days after approval of an NDA by the FDA based on the Technology, the Company shall grant Zomer such number of Cashless Stock Options as the Company may reasonably determine following consultation with Zomer.

3. Technology Access. Zomer and Platt shall have access to the Company's records and property, at the sole expense of the Company, exclusively for purposes of the provision of the services related to the Engagement and not for any other use (collectively, the "Accessed Information"), as follows: (i) all patents issued or pending related to the Technology; (ii) all Know-How (defined below) of the Company, (iii) all clinical trial data and other applicable dossiers related to products based on the Technology. The foregoing notwithstanding, neither Platt, Zomer nor the Consultant shall have any right, title or interest in the Technology or Accessed Information or any changes or improvements made to thereto. For purposes of this Agreement, Know-How means (i) techniques, data and information relating to any Company product within the field of oncology, including, but not limited to, inventions, practices, methods, manufacturing processes, knowledge, know-how, skill, trade secrets, experience, test data (including pharmacological, toxicological, preclinical, and clinical test data; data, records, and information derived form preclinical or clinical development, regulatory submissions, adverse reactions, analytical and quality control data, marketing, pricing, distribution, cost, sales and manufacturing data or descriptions), and (ii) compound, compositions of matter and assays in the field relating to the product.

4. Confidentiality. Except as otherwise permitted pursuant to that certain Technology Sharing and Transfer Agreement between the parties hereto of approximate even date, the Consultant shall, and take all commercially reasonable steps to cause Zomer and Platt to, keep in confidence and not disclose to any other person or entity the Accessed Information or any non-public information related to the Technology, which obligation shall last for as long as the Accessed Information or confidential information is a trade secret and for five (5) years if it is not a trade secret but is confidential information.

5. Term and Termination.

(a) The Engagement hereunder shall be for a term of twenty-four (24) months commencing on the Effective Date of this Agreement and terminating on the second anniversary of the Effective Date (the "Term").

(b) The Company may terminate the Engagement hereunder at any time without cause, provided however, that if the Company terminates the Engagement hereunder without cause prior to the completion of the Term, the Consultant shall retain any previously paid Consulting Fee.

(c) Upon termination of the Engagement, all rights, obligations and agreements as between the parties provided in this Agreement, except for the rights, obligations and agreements provided for in Sections 2(b), 4, 6-11 and as otherwise provided for in this Agreement, shall terminate and the parties shall be without recourse to one another under this Agreement, except as specified in Section 7 below.

6. Independent Contractor. The parties acknowledge and agree that the Consultant's performance of the Services under this Agreement shall be in the capacity of an independent contractor, and not an employee, of the Company. As such: (a) the Consultant shall be free to exercise its discretion and independent judgment as to the method and means of performance of the Services subject to this Agreement; and (b) other than as set forth in this Agreement, the Company shall have no liability to the Consultant with respect to any matter arising out of or relating to the Engagement, including, but not limited to, wages, salaries, benefits or severance.

7. Indemnification. The Consultant agrees to indemnify and hold harmless the Company with respect to any damage or loss arising from the conduct of the Consultant and/or the Consultant's employees, representatives or agents, if any, in the course of providing the Services under this Agreement, except as may directly result from the use of information or materials provided by the Company. The indemnification provisions in this Section 7 shall, notwithstanding any provision to the contrary contained elsewhere in this Agreement, survive for a period of three (3) years following any termination of the Engagement.

9. Modifications. This Agreement constitutes the entire agreement between the parties hereto with regard to the subject matter hereof, superseding all prior understandings and agreements whether written or oral. This Agreement may not be amended or altered, except by a written instrument signed by the Company and the Consultant.

10. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of both parties and their respective successors and assigns, but may not be assigned by either party without the prior written consent of the other, except that the Company may assign this Agreement without the prior written consent of the Consultant to a subsidiary or successor of the Company.

11. Waiver. No failure or delay by either party in exercising any right under this Agreement will operate as a waiver of such right or any other right under this Agreement.

12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, excluding that body of law applicable to conflicts of law.

13. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

14. FDA. The Consultant represents, warrants, and covenants that: (a) it will perform the Services in a professional manner and in compliance with this Agreement, professional and industry standards, all applicable and laws, rules and regulations (including the Food, Drug, and Cosmetic Act and regulations promulgated pursuant thereto) and current Good Laboratory Practice standards and Good Clinical Practice standards; and (b) neither the Consultant nor any of its employees have been debarred or are subject to debarment under the Food, Drug, and Cosmetic Act.

15. Captions. Captions have been inserted solely for the convenience of reference and in no way define, limit or describe the scope or substance of any provisions of this Agreement.

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

MEDI-PHARMACEUTICALS, INC.

By: /s/ Frank Garofalo
Name: Frank Garofalo
Title: President

PRO-PHARMACEUTICALS, INC.

By: /s/ Anthony D. Squeglia
Name: Anthony D. Squeglia
Title: Chief Financial Officer

EXHIBIT 10.8

SEPARATION AGREEMENT

This Separation Agreement (the "Agreement") is being entered into and effective on the later of February 12, 2009 or the date (the "Effective Date") the Company (defined below) completes the initial closing of a financing transaction with 10X Fund, L.P., a Delaware limited partnership, and is between Pro-Pharmaceuticals, Inc. (the "Company") and David Platt, Ph.D. (the "Employee" or "You"). For purposes of this Agreement, Company includes parent, subsidiary and affiliated entities, and the stockholders, trustees, directors, officers, agents and employees of the Company or such entities. Employee includes heirs, spouse, legal representative and assigns of the Employee.

This Agreement will serve as notice and confirm the termination of your employment with the Company and the terms of the separation package offered to You. This Agreement shall supersede Your January 2, 2004 Employment Agreement ("Employment Agreement"), except as set forth herein. The purpose of this Agreement is to establish an amicable arrangement for ending our employment relationship, to provide you with separation benefits to assist you in transitioning to new employment, and to release the Company from any claims that you may have against it in exchange for the separation benefits. With that understanding, Employee and the Company agree as follows:

1. Termination

We have mutually agreed that for purposes of this Agreement the Termination Date shall be the Effective Date. Employee confirms that he is resigning from all positions and offices that he held with the Company (and all of its subsidiaries) as of the Effective Date, and is resigning as Chairman of the Board of Directors and as a member of the Board. The Company acknowledges that Employee voluntarily resigned from the Company and that his termination is Without Cause as set forth in paragraph 7(e) of Your Employment Agreement.

2. Payments/Benefits upon Termination

On your Termination Date, you will be entitled to the following regardless of whether you sign this Agreement:

a. All salary and wages earned through your Termination Date.

b. A payment for unused, earned vacation time accrued through your Termination Date; and, if applicable, unused, earned personal need time.

c. All unpaid reasonable and appropriate out-of-pocket expenses incurred by You prior to the Termination Date. Any such claim for expenses must be submitted to the Company within fourteen (14) days of the Effective Date.

d. The opportunity to elect to convert your life insurance policy coverage (which will terminate on the Effective Date) to an individual policy, at your cost and expense.

Following your Termination Date, you will not be entitled to participate in any Company-provided benefit programs or practices, including, but not limited to, the following:

i. Vacation accrual;

ii. If applicable, personal need time accrual;

iii. Any equity and/or stock plan or program. In addition, please be advised that all vesting in any such plan shall cease as of the Termination Date. Please see the Company's stock plan and your stock agreement(s) for applicable terms and conditions; and

iv. Ability to make any 401(k) contributions and entitlement to any Company matches.

All amounts set forth in this Section 2 are subject to any applicable federal, state and local deductions, withholdings, payroll and other taxes. Your existing equity grants shall continue to be governed under the Plans and granting agreements in effect as of the respective granting dates.

3. Separation Benefits

In consideration of your execution of this Agreement, including specifically the release provisions in Sections 4 and 5, the Company agrees to the following:

a. Salary continuation: The Company will continue to pay your current salary at the monthly rate of $21,666.66 for twenty four (24) months following your Termination Date. In total, the Company will pay $520,000 in additional salary from the Termination Date. One-third (1/3) of the salary paid under this section shall be in consideration of the release of any claims under the Age Discrimination in Employment Act of 1967 (ADEA), and in the event you opt to revoke your consent to this Agreement per Section 5(e), you will forfeit one-third of the salary to which you are entitled under this Agreement; the remaining provisions of this Agreement, including the release of non-age related claims in Section 4, below, will remain intact.

b. Salary deferral: You agree that the Company may defer payment of a portion of the salary amounts above. In no event shall You receive payments of less than $10,000 per month, and in no event shall You receive payments of less than the salary payments being made to the Company's Chief Executive Officer. All deferred amounts will continue to accrue and will be payable either upon the Company receiving a minimum of $4 million of funding from the Effective Date, or twenty four months from the Effective Date, whichever occurs first. In the event the Company fails to pay the monthly amount due to you pursuant to this Section 3(b) (whether by application of the first or second sentence of this Section) which payment failure remains uncured for more than forty-five (45) calendar days after the applicable monthly payment date, all amounts due to You under this Section 3(b) (i.e., (i) the greater of $240,000 or 24 times the

Company's Chief Executive Officer's monthly salary, (ii) less the amounts previously paid to You pursuant to Section 3(a) or 3(b) of this Agreement) shall be immediately due and payable, and the balance of the deferred salary shall be due and payable as of the date stated in the third sentence of this Section 3(b).

c. Health Benefits: Following (and subject to the occurrence of) the Effective Date, the Company shall at its expense not to exceed $2,000 per month continue to provide health and dental insurance group benefits that are comparable to those provided to you and your family as of the Termination Date until the first to occur of (i) the twenty-four (24) month anniversary of the Termination Date or (ii) the date you and your family become eligible to receive health and dental insurance benefits under the plans of your subsequent employer. This period will be reduced to sixteen (16) months in the event you opt to revoke the Agreement under Section 5(e). You agree to immediately notify the Company upon the commencement of your employment with a subsequent employer whereby you are eligible to receive medical/dental benefits and to provide the Company with a complete copy of the health and dental benefit coverages offered to you by your new employer.

d. During the time that you receive Health Benefits from the Company, you may be required to make a monthly contribution consistent with the terms provided under these plans, and consistent with the terms provided to other employees. Please note that your contribution amount is subject to change based on plan costs contracted by the Company and the Company's shared cost arrangement with employees.

e. Except as set forth above, all other benefits, including but not limited to disability and life insurance, shall cease as of the Termination Date. All stock options or restricted stock grants shall continue to be governed exclusively under the terms of the Plans and granting agreements under which such grants were originally made to you.

f. Deferred Milestone Payments and Benefits: The Company acknowledges that under the terms of Your Employment Agreement, You are entitled to a minimum severance payment of $1 million. You agree that payment of such amount (referred to for purposes of this Agreement as the "Milestone Amount") shall be deferred until the occurrence of any of the milestone events described in the next sentence (each a "Milestone Event"). The Milestone Amount shall be due and payable upon the first to occur of the Milestone Events, provided that in the case of either Milestone Event referred in clause (i) or (iii) of this sentence, payment of the Milestone Amount may be deferred in the sole discretion of the Company up to and until the six (6) month anniversary thereof: (i) approval by the Food and Drug Administration of a new drug application ("NDA") for any drug candidate or drug delivery candidate of the Company based on its DAVANAT® technology (whether or not such technology is patented); (ii) consummation of a transaction with a pharmaceutical company expected to result in at least $10 million of equity investment or $50 million of royalty revenue to the Company; or (iii) the renewed listing of the Company's securities on a national securities exchange and the achievement of a market capitalization of $100 million. In the event of the Company filing a voluntary or involuntary petition for bankruptcy at any time, whether or not a Milestone Event has occurred, such event shall trigger the

obligation of the Company to pay the Milestone Amount with the result that You may assert a claim for the Milestone Amount against the bankruptcy estate of the Company. If a Milestone Event occurs and at such time the Company has failed to pay the Milestone Amount by the due date because the Company has insufficient cash to pay the Milestone Amount, or payment thereof would render the Company insolvent, the Company may advise You in writing as to such facts, which notice shall be accompanied by a written confirmation of the Company's Audit Committee of the Board of Directors, then, in that event, the Company may issue you a promissory note in the original principal amount of the Milestone Amount secured by the assets of the Company. The terms and conditions of such promissory note and security interest shall be substantially identical, and pari passu in right of payment, to the obligations of the Company which arise upon a default of its redemption obligation under the "Pro-Pharmaceuticals Inc. Certificate of Designations, Preferences, Rights and Limitations of Series B-1 Convertible Preferred Stock and Series B-2 Convertible Preferred Stock" (the "Designation Certificate"). In the event you are issued the promissory note and are the secured creditor party to the security agreement with the Company described above in this Section 3(f), You agree and covenant that You shall not commence any legal action of any nature or otherwise challenge the security interest in the Company's assets granted to the holder(s) of the Company's securities which are designated in the Designation Certificate and which security interest is evidenced by the security agreement exhibited thereto.

Upon a Milestone Event that is consummation of a transaction with a pharmaceutical company expected to result in at least $10 million of equity investment or $50 million of royalty revenue to the Company, the Company shall grant fully vested cashless-exercise stock options exercisable to purchase least 300,000 shares of the common stock of the Company ("Common Stock") for ten (10) years at an exercise price not less than the fair market value of the Common Stock determined as of the date of the grant ("Cashless Stock Options").

Upon a Milestone Event that is approval by the FDA of the first NDA for any drug or drug delivery candidate of the Company based on its DAVANAT® technology (whether or not such technology is patented), the Company shall grant you with fully vested Cashless Stock Options to purchase at least 500,000 shares of the Common Stock.

You also agree and acknowledge that the Company is entitled to your consulting services for purposes of achieving one or more of the Milestone Events pursuant to the Consulting Agreement of approximate even date by and between the Company and Medi-Pharmaceuticals, Inc., a Nevada corporation ("Medi-Pharmaceuticals").

g. Automobile: The Company will continue to make the current lease payments on your automobile for twenty-four (24) months from the Effective Date.

h. Section 409A: You and the Company agree that the payment schedule for any payments described in this Section 3 may be adjusted as necessary to avoid the application of the provisions of Section 409A of the Internal Revenue Code of

1986, as amended, ("Section 409A"), provided that no such adjustment shall result in either a decrease of any benefit or payment contemplated herein, nor an increase in the cost of providing such payment or benefit. For example, if at the time of your separation from service, you are a "specified employee," as hereinafter defined, any and all amounts payable under this Section 3 in connection with such separation from service that constitute deferred compensation subject to Section 409A, as determined by the Company in its sole discretion, and that would (but for this sentence) be payable within six months following such separation from service, shall instead be paid on the date that follows the date of such separation from service by six (6) months. For purposes of the preceding sentence, "separation from service" shall be determined in a manner consistent with subsection (a)(2)(A)(i) of Section 409A and the term "specified employee" shall mean an individual determined by the Company to be a specified employee as defined in subsection (a)(2)(B)(i) of Section 409A. This Agreement will be interpreted and administered in accordance with the applicable requirements of, and exemptions from, Section 409A in a manner consistent with Treas. Reg. § 1.409A-1(c). To the extent payments and benefits are subject to Section 409A, this Agreement shall be interpreted, construed and administered in a manner that satisfies the requirements of (i) Section 409A(a)(2), (3) and (4), (ii) Treas. Reg. § 1.409A-1, *et seq.*, and (iii) transitional relief under IRS Notice 2007-86, and (iv) other applicable authority issued by the Internal Revenue Service and the U.S. Department of the Treasury.

All payments set forth in this Section 3 shall be subject to any applicable federal, state and/or local deductions, withholdings, payroll and other taxes.

You will only be entitled to the payments and benefits described above and to no other payments or benefits. You acknowledge that the payments and benefits described in Section 3(a), (b) and (e) above represent valuable consideration in excess of that to which you might otherwise be entitled by reason of your employment by and termination from employment with the Company.

4. Mutual Release of Claims

a. In exchange for the Separation Benefits described in Section 3 above, which you agree you are not entitled to otherwise receive, you and your representatives, agents, estate, heirs, successors and assigns (collectively "you") voluntarily agree to release and discharge the Company and its parents, affiliates, subsidiaries, successors, assigns, plan sponsors and plan fiduciaries (and the current and former trustees, officers, directors, shareholders, employees, and agents of each of the foregoing, individually, in their capacity acting on the Company's behalf, and in their official capacities) (collectively "Releasees") generally from all claims, demands, actions, suits, damages, debts, judgments and liabilities of every name and nature, whether existing or contingent, known or unknown, suspected or unsuspected, in law or in equity in connection with your employment by and/or termination from the Company, arising on or before the Effective Date. This release is intended by you to be all encompassing and to act as a full and total release of any claims you may have or have had against the Releasees from the

beginning of your employment with the Company to the Effective Date of this Agreement, including but not limited to all claims in contract (whether written or oral, express or implied), tort, equity and common law; any claims for wrongful discharge, breach of contract, or breach of the obligation of good faith and fair dealing; and/or any claims under any local, state or federal constitution, statute, law, ordinance, bylaw, or regulation dealing with either employment, employment discrimination, retaliation, mass layoffs, plant closings, and/or employment benefits and/or those laws, statutes or regulations concerning discrimination on the basis of race, color, creed, religion, age, sex, sexual harassment, sexual orientation, national origin, ancestry, handicap or disability, veteran status or any military service or application for military service or any other category protected by law, including all claims under Title VII of the Civil Rights Act (42 U.S.C. § 2000e et seq.); the Americans With Disabilities Act (42 U.S.C. § 12101 et seq.); the Rehabilitation Act (29 U.S.C. § 701 et seq.); the Equal Pay Act; the Age Discrimination in Employment Act ("ADEA") (29 U.S.C. § 729, et seq.); the Employee Retirement Income Security Act ("ERISA") (29 U.S.C. § 1001, et seq.); the Family and Medical Leave Act (29 U.S.C. § 2601, et seq.); the Fair Credit Reporting Act (15 U.S.C. § 1681 et seq.); the Worker Adjustment and Retraining Notification Act (29 U.S.C. § 2101 et seq.); all as may have been amended; and any federal, state or local law or regulation concerning securities, stock or stock options, including without limitation any claims that might be brought under the Sarbanes-Oxley Act or other federal or state whistleblower protection statutes.

b. You expressly agree and understand that this is a General Release, and that any reference to specific Claims arising out of or in connection with your employment and/or its termination is not intended to limit the release of Claims. You expressly agree and understand this General Release means that you are releasing, remising and discharging the Releasees from and with respect to all Claims, whether known or unknown, asserted or unasserted, and whether or not the Claims arise out of or in connection with your employment and/or its termination, or otherwise.

c. You not only release and discharge the Releasees from any and all claims as stated above that you could make on your own behalf or on the behalf of others, but also those claims that might be made by any other person or organization on your behalf and you specifically waive any right to recover any damage awards as a member of any class in a case in which any claims against the Releasees are made involving any matters arising out of your employment with and/or termination of employment with the Company.

d. You agree that the payments and benefits set forth in Section 3 of this Agreement, together with payments and benefits the Company previously provided to you, are complete payment, settlement, accord and satisfaction with respect to all obligations and liabilities of the Releasees to You, and with respect to all claims, causes of action and damages that could be asserted by you against the Releasees regarding your employment or separation from employment with the Company,

including, without limitation, all claims for wages, salary, commissions, draws, car allowances, incentive pay, bonuses, business expenses, vacation, stock, stock options, severance pay, attorneys' fees, compensatory damages, exemplary damages, or other compensation, benefits, costs or sums. You also affirm that you have received any family and/or medical leaves to which you were entitled during your employment, have not been retaliated or discriminated against because you took a family or medical leave or any leave protected by law, and have not suffered any on-the-job injury for which you have not already filed a claim.

e. [intentionally deleted].

f. You represent and warrant that you have not filed or raised any external complaint, claim, charge, action, or proceeding against any of the Releasees in any jurisdiction or forum related to any matters addressed in this Section 4, including without limitation, any complaint that might fall under the Sarbanes-Oxley Act or any other federal or state whistleblower protection act. You further represent and warrant that you have shared all facts or information in your possession with the Board of Directors and its committees relating to the Company's preparation of its quarterly and annual financial statements and its internal controls and procedures, and that you will cooperate with the Board and its committees and any outside advisors relating to any review of the same.

g. You represent that, in connection with this Agreement, you are releasing your claims against the Company and its officers, directors, and agents arising out of the events leading to your resignation on the Effective Date. You also represent that you (1) have no personal knowledge of any facts or circumstances that would give you reason to believe that any of the Company's previously filed financial statements are incorrect or inaccurate; and (2) have no personal knowledge of any facts or circumstances not previously communicated to the Company or the Board of Directors or its Audit Committee that you believe should be investigated by the Company, the Board of Directors or the Audit Committee of the Board.

h. In consideration of Your release of claims against the Company, the Company and its representatives, agents, estate, heirs, successors and assigns (collectively "the Company") voluntarily agree to release and discharge you generally from all claims, demands, actions, suits, damages, debts, judgments and liabilities of every name and nature, whether existing or contingent, known or unknown, suspected or unsuspected, in law or in equity in connection with your employment by the Company, arising on or before the Effective Date, other than a breach of any of the representations made in this Agreement. Other than claims for a breach of a representation in this Agreement, this release is intended by the Company to be all encompassing and to act as a full and total release of any claims it may have or have had against you from the beginning of your employment with the Company to the Effective Date of this Agreement, including but not limited to all claims in contract, tort, equity and common law, and any claims under any local, state or federal constitution, statute, law, ordinance, bylaw.

i. You represent to the Company that You are not in breach of the confidentiality or non-competition provisions of the Employment Agreement.

j. Nothing herein is intended to affect or limit in any fashion your right to indemnification of and from any cost, expense or damages, including advancement of defense costs, arising from any third-party claims arising out of your service as an officer of the Company, it being the intention of the Company that you receive the same protections afforded to other officers, directors and former officers and directors of the Company under the By-Laws of the Company. The Company agrees not to amend or revise the By-Laws in the future if the effect of such amendment or revision would be to limit the scope of, or deny, the indemnification protections afforded to You under the current By-Laws.

5. Waiver of Rights and Claims under the Age Discrimination In Employment Act of 1967

Since you are 40 years of age or older, you are being informed that you have or may have specific rights and/or claims under the Age Discrimination in Employment Act of 1967 (ADEA) and you agree that:

a. in consideration for the amounts described in Section 3 of this Agreement allocated to your release of any age-related claims, which you are not otherwise entitled to receive, you specifically and voluntarily waive such rights and/or claims under the ADEA you might have against the Releasees to the extent such rights and/or claims arose prior to the Effective Date;

b. you understand that rights or claims under the ADEA which may arise after the Effective Date are not waived by you;

c. you are advised to consult with or seek advice from an attorney of your choice or any other person of your choosing before executing this Agreement; you also are advised that you have 21 days to review this Agreement and consider its terms before signing it and that such 21-day review period will not be affected or extended by any revisions, whether material or immaterial, that might be made to this Agreement;

d. in entering into this Agreement you are not relying on any representation, promise or inducement made by the Company or its attorneys with the exception of those promises described in this document; and

e. you may revoke your consent to waive any age related claims under the ADEA as set forth in this Agreement for a period of seven (7) days following your execution hereof. All rights and obligations of both parties under this Agreement that do not relate to age related claims under the ADEA shall become effective and enforceable upon execution of the Agreement. In the event you opt to revoke the Agreement during the 7 day period, the revocation will apply only to age related claims and you will only receive two-thirds of the separation benefits as set forth in Section 3 above. For such a revocation to be effective, it must be delivered so that

the Company receives it at or before the expiration of the seven (7) day revocation period. Otherwise, the Agreement will become fully enforceable on the 8th day following your signature.

6. Confidentiality

You acknowledge and agree that You remain bound by the confidentiality provisions of the Employment Agreement except to the extent disclosure of confidential information (as defined in the Employment Agreement) is expressly permitted by this Agreement.

7. Non-Competition

(a) For purposes of this Section 7:

(i) "Competing Product" means any product, process or service of any person other than the Company involving carbohydrate compounds enabling targeted delivery for oncology and kidney/liver fibrosis treatment; and

(ii) "Competing Organization" means any person or organization, including You, engaged in, or about to become engaged in, research on or the acquisition, development, production, distribution, marketing, or providing of a Competing Product.

As a material inducement to the Company to enter into this Agreement, and in order to protect the Company's confidential information and good will, You agree to the following stipulations:

(x) For a period of twenty-four (24) months after the Effective Date You will not directly or indirectly solicit or divert or accept business relating in any manner to Competing Products or to products, processes or services of the Company, form any of its customers or accounts of the Company with which You had any contact during the period of the Employment Agreement; and

(y) For a period of twenty-four (24) months after the Effective Date You will not (A) render services directly or indirectly, as an employee, consultant or otherwise, to any Competing Organization in connection with research on or the acquisition, development, production, distribution, marketing or providing of any Competing Product, or (B) own any interest in any Competing Organization other than up to one percent of the outstanding securities that are not "restricted securities" (as defined in Rule 144 under the Securities Act of 1933) of a publicly-traded Competing Organization.

The obligations under this Section 7(a) shall terminate in the event the Company fails pay salary pursuant to Section 3(b) hereof which failure continues after the 10-business day cure period.

(b) For avoidance of confusion, conduct undertaken by You pursuant to and consistent with the terms of (i) the Consulting Agreement of approximate even date between the Company and Medi-Pharmaceuticals and (ii) the Technology Sharing and Transfer Agreement of approximate even date between the Company and Medi-Pharmaceuticals shall not be deemed a violation of this Section 7.

8. Non-disparagement

You agree that you will not make statements or representations, or otherwise communicate, directly or indirectly, in writing, orally, or otherwise, or take any action which may, directly or indirectly, disparage the Company or any Releasee. The Company agrees that it will not make statements or representations, or otherwise communicate, directly or indirectly, in writing, orally, or otherwise, or take any action which may directly or indirectly, disparage you or your reputation. Notwithstanding the foregoing, nothing in this Agreement shall preclude either you or the Company from making truthful statements or disclosures that are required by applicable law, regulation, or legal process.

9. No Other Agreements

This Agreement constitutes the entire agreement regarding the termination of your employment with the Company and your separation benefits and supersedes all prior agreements between the Company and you, except to the extent any provision of the Employment Agreement is expressly incorporated herein.

10. Other Provisions

a. This Agreement shall not in any way be construed as an admission by either party of any liability or any act of wrongdoing.

b. This Agreement is a legally binding document and your signature will commit you to its terms. You represent that you have obtained legal advice in connection with this Agreement. You acknowledge that you have had an opportunity to thoroughly discuss all aspects of this Agreement with your attorney, that you have carefully read and fully understand all of the provisions of this Agreement and that you voluntarily enter into this Agreement.

c. This Agreement shall be binding upon the Company and you and upon its/your respective heirs, administrators, representatives, executors, successors and assigns.

d. You agree that each provision of this Agreement is severable and should any such provision be determined by a court of competent jurisdiction or administrative agency to be illegal or invalid, the validity of the remaining provisions shall not be affected and the illegal or invalid provisions shall be deemed not to be a part of this Agreement. However, should the Release in this Agreement be declared or determined by a court of competent jurisdiction or administrative agency to be illegal or invalid, the Company shall be entitled to demand immediate repayment, and you will immediately return the enhanced severance benefits paid under this Agreement.

e. This Agreement may not be amended, revoked, changed, or modified except upon a written agreement executed by both parties.

[remainder of page intentionally left blank]

f. This Agreement will be interpreted and enforced under the laws of Massachusetts. In the event of a dispute arising under this Agreement, you agree that all such matters shall be submitted to binding arbitration. The binding arbitration shall be administered by the American Arbitration Association under its Commercial Arbitration Rules. The arbitration shall take place in Boston, Massachusetts. A single Arbitrator shall be selected, and the Arbitrator shall have no authority to add to, alter, amend or refuse to enforce any portion of the Agreement. The parties waive any right to a jury trial. The Company will bear 70% of the cost of AAA fees and fees for the Arbitrator and you will bear 30% of such costs. The parties will be responsible for their own legal costs.

AGREED:

/s/ David Platt
David Platt, Ph.D.

Pro-Pharmaceuticals, Inc.

By: /s/ Anthony D. Squeglia
Anthony D. Squeglia, Chief Financial Officer

IF YOU DO NOT WISH TO USE THE 21-DAY PERIOD,
PLEASE CAREFULLY REVIEW AND SIGN THIS DOCUMENT

I, David Platt, Ph.D., acknowledge that I was informed and understand that I have 21 days within which to consider the attached Agreement, have been advised of my right to consult with an attorney regarding such Agreement and have considered carefully every provision of the Agreement, and that after having engaged in those actions, I prefer to and have requested that I enter into the Agreement prior to the expiration of the 21 day period.

Dated: 2/12/09

/s/ David Platt
David Platt, Ph.D.

PRO-PHARMACEUTICALS, INC.

2009 INCENTIVE COMPENSATION PLAN

PRO-PHARMACEUTICALS, INC.

2009 INCENTIVE COMPENSATION PLAN

PRO-PHARMACEUTICALS, INC.

2009 INCENTIVE COMPENSATION PLAN

1. ***Purpose***. The purpose of this PRO-PHARMACEUTICALS, INC. 2009 INCENTIVE COMPENSATION PLAN (the "Plan") is to assist Pro-Pharmaceuticals, Inc., a Nevada corporation (the "Company") and its Related Entities (as hereinafter defined) in attracting, motivating, retaining and rewarding high-quality executives and other employees, officers, directors, consultants and other persons who provide services to the Company or its Related Entities by enabling such persons to acquire or increase a proprietary interest in the Company in order to strengthen the mutuality of interests between such persons and the Company's shareholders, and providing such persons with annual and long term performance incentives to expend their maximum efforts in the creation of shareholder value.

2. ***Definitions***. For purposes of the Plan, the following terms shall be defined as set forth below, in addition to such terms defined in Section 1 hereof and elsewhere herein.

(a) "***Award***" means any Option, Stock Appreciation Right, Restricted Stock Award, Deferred Stock Award, Share granted as a bonus or in lieu of another Award, Dividend Equivalent, Other Stock-Based Award or Performance Award, together with any other right or interest, granted to a Participant under the Plan.

(b) "***Award Agreement***" means any written agreement, contract or other instrument or document evidencing any Award granted by the Committee hereunder.

(c) "***Beneficiary***" means the person, persons, trust or trusts that have been designated by a Participant in his or her most recent written beneficiary designation filed with the Committee to receive the benefits specified under the Plan upon such Participant's death or to which Awards or other rights are transferred if and to the extent permitted under Section 10(b) hereof. If, upon a Participant's death, there is no designated Beneficiary or surviving designated Beneficiary, then the term Beneficiary means the person, persons, trust or trusts entitled by will or the laws of descent and distribution to receive such benefits.

(d) "***Beneficial Owner***" ***and "Beneficial Ownership"*** shall have the meaning ascribed to such term in Rule 13d-3 under the Exchange Act and any successor to such Rule.

(e) "***Board***" means the Company's Board of Directors.

(f) "***Cause***" shall, with respect to any Participant, have the meaning specified in the Award Agreement. In the absence of any definition in the Award Agreement, "Cause" shall have the equivalent meaning or the same meaning as "cause" or "for cause" set forth in any employment, consulting, or other agreement for the performance of services between the Participant and the Company or a Related Entity or, in the absence of any such agreement or any such definition in such agreement, such term shall mean (i) the failure by the Participant to perform, in a reasonable manner, his or her duties as assigned by the Company or a Related Entity, (ii) any violation or breach by the Participant of his or her employment, consulting or other similar agreement with the Company or a Related Entity, if any, (iii) any violation or

breach by the Participant of any non-competition, non-solicitation, non-disclosure and/or other similar agreement with the Company or a Related Entity, (iv) any act by the Participant of dishonesty or bad faith with respect to the Company or a Related Entity, (v) use of alcohol, drugs or other similar substances in a manner that adversely affects the Participant's work performance, or (vi) the commission by the Participant of any act, misdemeanor, or crime reflecting unfavorably upon the Participant or the Company or any Related Entity. The good faith determination by the Committee of whether the Participant's Continuous Service was terminated by the Company for "Cause" shall be final and binding for all purposes hereunder.

(g) "***Change in Control***" means a Change in Control as defined in Section 9(b) of the Plan.

(h) "***Code***" means the Internal Revenue Code of 1986, as amended from time to time, including regulations thereunder and successor provisions and regulations thereto.

(i) "***Committee***" means a committee designated by the Board to administer the Plan; provided, however, that if the Board fails to designate a committee or if there are no longer any members on the committee so designated by the Board, or for any other reason determined by the Board, then the Board shall serve as the Committee. While it is intended that the Committee shall consist of at least two directors, each of whom shall be (i) a "non-employee director" within the meaning of Rule 16b-3 (or any successor rule) under the Exchange Act, unless administration of the Plan by "non-employee directors" is not then required in order for exemptions under Rule 16b-3 to apply to transactions under the Plan, (ii) an "outside director" within the meaning of Section 162(m) of the Code, and (iii) "Independent", the failure of the Committee to be so comprised shall not invalidate any Award that otherwise satisfies the terms of the Plan.

(j) "***Consultant***" means any Person (other than an Employee or a Director, solely with respect to rendering services in such Person's capacity as a director) who is engaged by the Company or any Related Entity to render consulting or advisory services to the Company or such Related Entity.

(k) "***Continuous Service***" means the uninterrupted provision of services to the Company or any Related Entity in any capacity of Employee, Director, Consultant or other service provider. Continuous Service shall not be considered to be interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Related Entities, or any successor entities, in any capacity of Employee, Director, Consultant or other service provider, or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in any capacity of Employee, Director, Consultant or other service provider (except as otherwise provided in the Award Agreement). An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave.

(l) "***Covered Employee"*** means the Person who, as of the end of the taxable year, either is the principal executive officer of the Company or is serving as the acting principal executive officer of the Company, and each other Person whose compensation is required to be disclosed in the Company's filings with the Securities and Exchange Commission by reason of that person being among the three highest compensated officers of the Company as of the end of a taxable year, or such other person as shall be considered a "covered employee" for purposes of Section 162(m) of the Code.

(m) "***Deferred Stock***" means a right to receive Shares, including Restricted Stock, cash measured based upon the value of Shares or a combination thereof, at the end of a specified deferral period.

(n) "***Deferred Stock Award***" means an Award of Deferred Stock granted to a Participant under Section 6(e) hereof.

(o) "***Director***" means a member of the Board or the board of directors of any Related Entity.

(p) "***Disability***" means a permanent and total disability (within the meaning of Section 22(e) of the Code), as determined by a medical doctor satisfactory to the Committee.

(q) "***Dividend Equivalent***" means a right, granted to a Participant under Section 6(g) hereof, to receive cash, Shares, other Awards or other property equal in value to dividends paid with respect to a specified number of Shares, or other periodic payments.

(r) "***Effective Date***" means the effective date of the Plan, which shall be February 12, 2009.

(s) "***Eligible Person***" means each officer, Director, Employee, Consultant and other person who provides services to the Company or any Related Entity. The foregoing notwithstanding, only Employees of the Company, or any parent corporation or subsidiary corporation of the Company (as those terms are defined in Sections 424(e) and (f) of the Code, respectively), shall be Eligible Persons for purposes of receiving any Incentive Stock Options. An Employee on leave of absence may, in the discretion of the Committee, be considered as still in the employ of the Company or a Related Entity for purposes of eligibility for participation in the Plan.

(t) "***Employee***" means any person, including an officer or Director, who is an employee of the Company or any Related Entity. The payment of a director's fee by the Company or a Related Entity shall not be sufficient to constitute "employment" by the Company.

(u) "***Exchange Act***" means the Securities Exchange Act of 1934, as amended from time to time, including rules thereunder and successor provisions and rules thereto.

(v) "***Fair Market Value***" means the fair market value of Shares, Awards or other property as determined by the Committee, or under procedures established by the Committee. Unless otherwise determined by the Committee, the Fair Market Value of a Share as of any given date shall be (i) the last sale price of a Share on the principal national securities exchange on which the Common Stock is traded, if the Common Stock is then traded on a national securities exchange; or (ii) the average of the closing bid and asked prices for the Common Stock quoted by an established quotation service for over-the-counter securities, if the Common Stock is not then traded on a national securities exchange.

(w) "***Good Reason***" shall, with respect to any Participant, have the meaning specified in the Award Agreement. In the absence of any definition in the Award Agreement, "Good Reason" shall have the equivalent meaning or the same meaning as "good reason" or "for good reason" set forth in any employment, consulting or other agreement for the performance of services between the Participant and the Company or a Related Entity or, in the absence of any such agreement or any such definition in such agreement, such term shall mean (i) the assignment to the Participant of any duties inconsistent in any material respect with the Participant's duties or responsibilities as assigned by the Company or a Related Entity, or any other action by the Company or a Related Entity which results in a material diminution in such duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company or a Related Entity promptly after receipt of notice thereof given by the Participant; (ii) any material failure by the Company or a Related Entity to comply with its obligations to the Participant as agreed upon, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company or a Related Entity promptly after receipt of notice thereof given by the Participant; or (iii) the Company's or Related Entity's requiring the Participant to be based at any office or location outside of fifty miles from the location of employment or service as of the date of Award, except for travel reasonably required in the performance of the Participant's responsibilities.

(x) "***Incentive Stock Option***" means any Option intended to be designated as an incentive stock option within the meaning of Section 422 of the Code or any successor provision thereto.

(y) "***Independent***", when referring to either the Board or members of the Committee, shall have the same meaning as used in the rules of the Listing Market.

(z) "***Incumbent Board***" means the Incumbent Board as defined in Section 9(b)(ii) hereof.

(aa) ***"Listing Market"*** means the OTC Bulletin Board or any other national securities exchange on which any securities of the Company are listed for trading, and if not listed for trading, by the rules of the Nasdaq Market.

(bb) "***Option***" means a right granted to a Participant under Section 6(b) hereof, to purchase Shares or other Awards at a specified price during specified time periods.

(cc) "***Optionee***" means a person to whom an Option is granted under this Plan or any person who succeeds to the rights of such person under this Plan.

(dd) "***Other Stock-Based Awards***" means Awards granted to a Participant under Section 6(i) hereof.

(ee) "***Participant***" means a person who has been granted an Award under the Plan which remains outstanding, including a person who is no longer an Eligible Person.

(ff) "***Performance Award***" means any Award of Performance Shares or Performance Units granted pursuant to Section 6(h) hereof.

(gg) "***Performance Period***" means that period established by the Committee at the time any Performance Award is granted or at any time thereafter during which any performance goals specified by the Committee with respect to such Award are to be measured.

(hh) "***Performance Share***" means any grant pursuant to Section 6(h) hereof of a unit valued by reference to a designated number of Shares, which value may be paid to the Participant by delivery of such property as the Committee shall determine, including cash, Shares, other property, or any combination thereof, upon achievement of such performance goals during the Performance Period as the Committee shall establish at the time of such grant or thereafter.

(ii) "***Performance Unit***" means any grant pursuant to Section 6(h) hereof of a unit valued by reference to a designated amount of property (including cash) other than Shares, which value may be paid to the Participant by delivery of such property as the Committee shall determine, including cash, Shares, other property, or any combination thereof, upon achievement of such performance goals during the Performance Period as the Committee shall establish at the time of such grant or thereafter.

(jj) "***Person***" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, and shall include a "group" as defined in Section 13(d) thereof.

(kk) "***Related Entity***" means any Subsidiary, and any business, corporation, partnership, limited liability company or other entity designated by the Board, in which the Company or a Subsidiary holds a substantial ownership interest, directly or indirectly.

(ll) ***"Restriction Period"*** means the period of time specified by the Committee that Restricted Stock Awards shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose.

(mm) "***Restricted Stock***" means any Share issued with the restriction that the holder may not sell, transfer, pledge or assign such Share and with such risks of forfeiture and other restrictions as the Committee, in its sole discretion, may impose (including any restriction on the right to vote such Share and the right to receive any dividends), which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate.

(nn) "***Restricted Stock Award***" means an Award granted to a Participant under Section 6(d) hereof.

(oo) "***Rule 16b-3***" means Rule 16b-3, as from time to time in effect and applicable to the Plan and Participants, promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act.

(pp) "***Shares***" means the shares of common stock of the Company, par value $0.001 per share, and such other securities as may be substituted (or resubstituted) for Shares pursuant to Section 10(c) hereof.

(qq) "***Stock Appreciation Right***" means a right granted to a Participant under Section 6(c) hereof.

(rr) "***Subsidiary***" means any corporation or other entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities or interests of such corporation or other entity entitled to vote generally in the election of directors or in which the Company has the right to receive 50% or more of the distribution of profits or 50% or more of the assets on liquidation or dissolution.

(ss) "***Substitute Awards***" means Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, Awards previously granted, or the right or obligation to make future Awards, by a company (i) acquired by the Company or any Related Entity, (ii) which becomes a Related Entity after the date hereof, or (iii) with which the Company or any Related Entity combines.

3. ***Administration***.

(a) ***Authority of the Committee***. The Plan shall be administered by the Committee except to the extent (and subject to the limitations imposed by Section 3(b) hereof) the Board elects to administer the Plan, in which case the Plan shall be administered by only those members of the Board who are Independent members of the Board, in which case references herein to the "Committee" shall be deemed to include references to the Independent members of the Board. The Committee shall have full and final authority, subject to and consistent with the provisions of the Plan, to select Eligible Persons to become Participants, grant Awards, determine the type, number and other terms and conditions of, and all other matters relating to, Awards, prescribe Award Agreements (which need not be identical for each Participant) and rules and regulations for the administration of the Plan, construe and interpret the Plan and Award Agreements and correct defects, supply omissions or reconcile inconsistencies therein, and to make all other decisions and determinations as the Committee may deem necessary or advisable for the administration of the Plan. In exercising any discretion granted to the Committee under the Plan or pursuant to any Award, the Committee shall not be required to follow past practices, act in a manner consistent with past practices, or treat any Eligible Person or Participant in a manner consistent with the treatment of any other Eligible Persons or Participants.

(b) ***Manner of Exercise of Committee Authority***. The Committee, and not the Board, shall exercise sole and exclusive discretion (i) on any matter relating to a Participant then subject to Section 16 of the Exchange Act with respect to the Company to the extent necessary in order that transactions by such Participant shall be exempt under Rule 16b-3 under the Exchange Act, (ii) with respect to any Award that is intended to qualify as "performance-based compensation" under Section 162(m), to the extent necessary in order for such Award to so qualify; and (iii) with respect to any Award to an Independent Director. Any action of the Committee shall be final, conclusive and binding on all persons, including the Company, its Related Entities, Eligible Persons, Participants, Beneficiaries, transferees under Section 10(b) hereof or other persons claiming rights from or through a Participant, and shareholders. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. The

Committee may delegate to officers or managers of the Company or any Related Entity, or committees thereof, the authority, subject to such terms and limitations as the Committee shall determine, to perform such functions, including administrative functions as the Committee may determine to the extent that such delegation will not result in the loss of an exemption under Rule 16b-3(d)(1) for Awards granted to Participants subject to Section 16 of the Exchange Act in respect of the Company and will not cause Awards intended to qualify as "performance-based compensation" under Code Section 162(m) to fail to so qualify. The Committee may appoint agents to assist it in administering the Plan.

(c) ***Limitation of Liability***. The Committee and the Board, and each member thereof, shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any officer or Employee, the Company's independent auditors, Consultants or any other agents assisting in the administration of the Plan. Members of the Committee and the Board, and any officer or Employee acting at the direction or on behalf of the Committee or the Board, shall not be personally liable for any action or determination taken or made in good faith with respect to the Plan, and shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination.

4. ***Shares Subject to Plan***.

(a) ***Limitation on Overall Number of Shares Available for Delivery Under Plan***. Subject to adjustment as provided in Section 10(c) hereof, the total number of Shares reserved and available for delivery under the Plan shall be 10,000,000. Any Shares delivered under the Plan may consist, in whole or in part, of authorized and unissued shares or treasury shares.

(b) ***Application of Limitation to Grants of Awards***. No Award may be granted if the number of Shares to be delivered in connection with such an Award exceeds the number of Shares remaining available for delivery under the Plan, minus the number of Shares deliverable in settlement of or relating to then outstanding Awards. The Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of tandem or substitute awards) and make adjustments if the number of Shares actually delivered differs from the number of Shares previously counted in connection with an Award.

(c) ***Availability of Shares Not Delivered under Awards and Adjustments to Limits***.

(i) If any Awards are forfeited, expire or otherwise terminate without issuance of such Shares, or any Award is settled for cash or otherwise does not result in the issuance of all or a portion of the Shares subject to such Award, the Shares to which those Awards were subject, shall, to the extent of such forfeiture, expiration, termination, cash settlement or non-issuance, again be available for delivery with respect to Awards under the Plan, subject to Section 4(c)(iv) below.

(ii) In the event that any Option or other Award granted hereunder is exercised through the tendering of Shares (either actually or by attestation) or by the withholding

of Shares by the Company, or withholding tax liabilities arising from such option or other award are satisfied by the tendering of Shares (either actually or by attestation) or by the withholding of Shares by the Company, then only the number of Shares issued net of the Shares tendered or withheld shall be counted for purposes of determining the maximum number of Shares available for grant under the Plan.

(iii) Substitute Awards shall not reduce the Shares authorized for delivery under the Plan or authorized for delivery to a Participant in any period. Additionally, in the event that a company acquired by the Company or any Related Entity or with which the Company or any Related Entity combines has shares available under a pre-existing plan approved by its shareholders, the shares available for delivery pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for delivery under the Plan; if and to the extent that the use of such Shares would not require approval of the Company's shareholders under the rules of the Listing Market.

(iv) Any Share that again becomes available for delivery pursuant to this Section 4(c) shall be added back as one (1) Share.

(v) Notwithstanding anything in this Section 4(c) to the contrary but subject to adjustment as provided in Section 10(c) hereof, the maximum aggregate number of Shares that may be delivered under the Plan as a result of the exercise of the Incentive Stock Options shall be 10,000,000 Shares.

5. ***Eligibility; Per-Person Award Limitations***. Awards may be granted under the Plan only to Eligible Persons. Subject to adjustment as provided in Section 10(c), in any fiscal year of the Company during any part of which the Plan is in effect, no Participant may be granted (i) Options or Stock Appreciation Rights with respect to more than 2,000,000 Shares or (ii) Restricted Stock, Deferred Stock, Performance Shares and/or Other Stock-Based Awards with respect to more than 2,000,000 Shares. In addition, the maximum dollar value payable to any one Participant with respect to Performance Units is (x) $1,000,000 with respect to any 12 month Performance Period and (y) with respect to any Performance Period that is more than 12 months, $3,000,000.

6. ***Specific Terms of Awards***.

(a) ***General***. Awards may be granted on the terms and conditions set forth in this Section 6. In addition, the Committee may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to Section 10(e)), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine, including terms requiring forfeiture of Awards in the event of termination of the Participant's Continuous Service and terms permitting a Participant to make elections relating to his or her Award. Except as otherwise expressly provided herein, the Committee shall retain full power and discretion to accelerate, waive or modify, at any time, any term or condition of an Award that is not mandatory under the Plan. Except in cases in which the Committee is authorized to require other

forms of consideration under the Plan, or to the extent other forms of consideration must be paid to satisfy the requirements of Massachusetts law, no consideration other than services may be required for the grant (as opposed to the exercise) of any Award.

(b) ***Options***. The Committee is authorized to grant Options to any Eligible Person on the following terms and conditions:

(i) ***Exercise Price***. Other than in connection with Substitute Awards, the exercise price per Share purchasable under an Option shall be determined by the Committee, provided that such exercise price shall not be less than 100% of the Fair Market Value of a Share on the date of grant of the Option and shall not, in any event, be less than the par value of a Share on the date of grant of the Option. If an Employee owns or is deemed to own (by reason of the attribution rules applicable under Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company (or any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code, respectively) and an Incentive Stock Option is granted to such Employee, the exercise price of such Incentive Stock Option (to the extent required by the Code at the time of grant) shall be no less than 110% of the Fair Market Value of a Share on the date such Incentive Stock Option is granted.

(ii) ***Time and Method of Exercise***. The Committee shall determine the time or times at which or the circumstances under which an Option may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the time or times at which Options shall cease to be or become exercisable following termination of Continuous Service or upon other conditions, the methods by which the exercise price may be paid or deemed to be paid (including in the discretion of the Committee a cashless exercise procedure), the form of such payment, including, without limitation, cash, Shares (including without limitation the withholding of Shares otherwise deliverable pursuant to the Award), other Awards or awards granted under other plans of the Company or a Related Entity, or other property (including notes or other contractual obligations of Participants to make payment on a deferred basis provided that such deferred payments are not in violation of Section 13(k) of the Exchange Act, or any rule or regulation adopted thereunder or any other applicable law), and the methods by or forms in which Shares will be delivered or deemed to be delivered to Participants.

(iii) ***Incentive Stock Options***. The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code. Anything in the Plan to the contrary notwithstanding, no term of the Plan relating to Incentive Stock Options (including any Stock Appreciation Right issued in tandem therewith) shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be exercised, so as to disqualify either the Plan or any Incentive Stock Option under Section 422 of the Code, unless the Participant has first requested, or consents to, the change that will result in such disqualification. Thus, if and to the extent required to comply with Section 422 of the Code, Options granted as Incentive Stock Options shall be subject to the following special terms and conditions:

(A) the Option shall not be exercisable for more than ten years after the date such Incentive Stock Option is granted; provided, however, that if a Participant owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company (or any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code, respectively) and the Incentive Stock Option is granted to such Participant, the term of the Incentive Stock Option shall be (to the extent required by the Code at the time of the grant) for no more than five years from the date of grant; and

(B) The aggregate Fair Market Value (determined as of the date the Incentive Stock Option is granted) of the Shares with respect to which Incentive Stock Options granted under the Plan and all other option plans of the Company (and any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Code, respectively) that become exercisable for the first time by the Participant during any calendar year shall not (to the extent required by the Code at the time of the grant) exceed $100,000.

(c) ***Stock Appreciation Rights***. The Committee may grant Stock Appreciation Rights to any Eligible Person in conjunction with all or part of any Option granted under the Plan or at any subsequent time during the term of such Option (a "Tandem Stock Appreciation Right"), or without regard to any Option (a "Freestanding Stock Appreciation Right"), in each case upon such terms and conditions as the Committee may establish in its sole discretion, not inconsistent with the provisions of the Plan, including the following:

(i) ***Right to Payment***. A Stock Appreciation Right shall confer on the Participant to whom it is granted a right to receive, upon exercise thereof, the excess of (A) the Fair Market Value of one Share on the date of exercise over (B) the grant price of the Stock Appreciation Right as determined by the Committee. The grant price of a Stock Appreciation Right shall not be less than 100% of the Fair Market Value of a Share on the date of grant, in the case of a Freestanding Stock Appreciation Right, or less than the associated Option exercise price, in the case of a Tandem Stock Appreciation Right.

(ii) ***Other Terms***. The Committee shall determine at the date of grant or thereafter, the time or times at which and the circumstances under which a Stock Appreciation Right may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the time or times at which Stock Appreciation Rights shall cease to be or become exercisable following termination of Continuous Service or upon other conditions, the method of exercise, method of settlement, form of consideration payable in settlement, method by or forms in which Shares will be delivered or deemed to be delivered to Participants, whether or not a Stock Appreciation Right shall be in tandem or in combination with any other Award, and any other terms and conditions of any Stock Appreciation Right.

(iii) ***Tandem Stock Appreciation Rights***. Any Tandem Stock Appreciation Right may be granted at the same time as the related Option is granted or, for Options that are not Incentive Stock Options, at any time thereafter before exercise or expiration of such Option. Any Tandem Stock Appreciation Right related to an Option may be exercised only when the related Option would be exercisable and the Fair Market Value of the Shares

subject to the related Option exceeds the exercise price at which Shares can be acquired pursuant to the Option. In addition, if a Tandem Stock Appreciation Right exists with respect to less than the full number of Shares covered by a related Option, then an exercise or termination of such Option shall not reduce the number of Shares to which the Tandem Stock Appreciation Right applies until the number of Shares then exercisable under such Option equals the number of Shares to which the Tandem Stock Appreciation Right applies. Any Option related to a Tandem Stock Appreciation Right shall no longer be exercisable to the extent the Tandem Stock Appreciation Right has been exercised, and any Tandem Stock Appreciation Right shall no longer be exercisable to the extent the related Option has been exercised.

(d) ***Restricted Stock Awards***. The Committee is authorized to grant Restricted Stock Awards to any Eligible Person on the following terms and conditions:

(i) ***Grant and Restrictions***. Restricted Stock Awards shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose, or as otherwise provided in this Plan during the Restriction Period. The terms of any Restricted Stock Award granted under the Plan shall be set forth in a written Award Agreement which shall contain provisions determined by the Committee and not inconsistent with the Plan. The restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of performance goals and/or future service requirements), in such installments or otherwise, as the Committee may determine at the date of grant or thereafter. Except to the extent restricted under the terms of the Plan and any Award Agreement relating to a Restricted Stock Award, a Participant granted Restricted Stock shall have all of the rights of a shareholder, including the right to vote the Restricted Stock and the right to receive dividends thereon (subject to any mandatory reinvestment or other requirement imposed by the Committee). During the period that the Restriction Stock Award is subject to a risk of forfeiture, subject to Section 10(b) below and except as otherwise provided in the Award Agreement, the Restricted Stock may not be sold, transferred, pledged, hypothecated, margined or otherwise encumbered by the Participant.

(ii) ***Forfeiture***. Except as otherwise determined by the Committee, upon termination of a Participant's Continuous Service during the applicable Restriction Period, the Participant's Restricted Stock that is at that time subject to a risk of forfeiture that has not lapsed or otherwise been satisfied shall be forfeited and reacquired by the Company; provided that, subject to the limitations set forth in Section 6(j)(ii) hereof, the Committee may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that forfeiture conditions relating to Restricted Stock Awards shall be waived in whole or in part in the event of terminations resulting from specified causes, and the Committee may in other cases waive in whole or in part the forfeiture of Restricted Stock.

(iii) ***Certificates for Stock***. Restricted Stock granted under the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Stock are registered in the name of the Participant, the Committee may require that such certificates bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock, that the Company retain physical possession of the certificates, and that the Participant deliver a stock power to the Company, endorsed in blank, relating to the Restricted Stock.

(iv) ***Dividends and Splits***. As a condition to the grant of a Restricted Stock Award, the Committee may require or permit a Participant to elect that any cash dividends paid on a Share of Restricted Stock be automatically reinvested in additional Shares of Restricted Stock or applied to the purchase of additional Awards under the Plan. Unless otherwise determined by the Committee, Shares distributed in connection with a stock split or stock dividend, and other property distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such Shares or other property have been distributed.

(e) ***Deferred Stock Award***. The Committee is authorized to grant Deferred Stock Awards to any Eligible Person on the following terms and conditions:

(i) ***Award and Restrictions***. Satisfaction of a Deferred Stock Award shall occur upon expiration of the deferral period specified for such Deferred Stock Award by the Committee (or, if permitted by the Committee, as elected by the Participant). In addition, a Deferred Stock Award shall be subject to such restrictions (which may include a risk of forfeiture) as the Committee may impose, if any, which restrictions may lapse at the expiration of the deferral period or at earlier specified times (including based on achievement of performance goals and/or future service requirements), separately or in combination, in installments or otherwise, as the Committee may determine. A Deferred Stock Award may be satisfied by delivery of Shares, cash equal to the Fair Market Value of the specified number of Shares covered by the Deferred Stock, or a combination thereof, as determined by the Committee at the date of grant or thereafter. Prior to satisfaction of a Deferred Stock Award, a Deferred Stock Award carries no voting or dividend or other rights associated with Share ownership.

(ii) ***Forfeiture***. Except as otherwise determined by the Committee, upon termination of a Participant's Continuous Service during the applicable deferral period or portion thereof to which forfeiture conditions apply (as provided in the Award Agreement evidencing the Deferred Stock Award), the Participant's Deferred Stock Award that is at that time subject to a risk of forfeiture that has not lapsed or otherwise been satisfied shall be forfeited; provided that, subject to the limitations set forth in Section 6(j)(ii) hereof, the Committee may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that forfeiture conditions relating to a Deferred Stock Award shall be waived in whole or in part in the event of terminations resulting from specified causes, and the Committee may in other cases waive in whole or in part the forfeiture of any Deferred Stock Award.

(iii) ***Dividend Equivalents***. Unless otherwise determined by the Committee at the date of grant, any Dividend Equivalents that are granted with respect to any Deferred Stock Award shall be either (A) paid with respect to such Deferred Stock Award at the dividend payment date in cash or in Shares of unrestricted stock having a Fair Market Value equal to the amount of such dividends, or (B) deferred with respect to such Deferred Stock Award and the amount or value thereof automatically deemed reinvested in additional Deferred Stock, other Awards or other investment vehicles, as the Committee shall determine or permit the Participant to elect. The applicable Award Agreement shall specify whether any Dividend Equivalents shall be paid at the dividend payment date, deferred or deferred at the election of the Participant. If the Participant may elect to defer the Dividend Equivalents, such election shall be made within 30 days after the grant date of the Deferred Stock Award, but in no event later than 12 months before the first date on which any portion of such Deferred Stock Award vests.

(f) ***Bonus Stock and Awards in Lieu of Obligations***. The Committee is authorized to grant Shares to any Eligible Persons as a bonus, or to grant Shares or other Awards in lieu of obligations to pay cash or deliver other property under the Plan or under other plans or compensatory arrangements, provided that, in the case of Eligible Persons subject to Section 16 of the Exchange Act, the amount of such grants remains within the discretion of the Committee to the extent necessary to ensure that acquisitions of Shares or other Awards are exempt from liability under Section 16(b) of the Exchange Act. Shares or Awards granted hereunder shall be subject to such other terms as shall be determined by the Committee.

(g) ***Dividend Equivalents***. The Committee is authorized to grant Dividend Equivalents to any Eligible Person entitling the Eligible Person to receive cash, Shares, other Awards, or other property equal in value to the dividends paid with respect to a specified number of Shares, or other periodic payments. Dividend Equivalents may be awarded on a free-standing basis or in connection with another Award. The Committee may provide that Dividend Equivalents shall be paid or distributed when accrued or shall be deemed to have been reinvested in additional Shares, Awards, or other investment vehicles, and subject to such restrictions on transferability and risks of forfeiture, as the Committee may specify. Any such determination by the Committee shall be made at the grant date of the applicable Award.

(h) ***Performance Awards***. The Committee is authorized to grant Performance Awards to any Eligible Person payable in cash, Shares, or other Awards, on terms and conditions established by the Committee, subject to the provisions of Section 8 if and to the extent that the Committee shall, in its sole discretion, determine that an Award shall be subject to those provisions. The performance criteria to be achieved during any Performance Period and the length of the Performance Period shall be determined by the Committee upon the grant of each Performance Award; provided, however, that a Performance Period shall not be shorter than 12 months nor longer than 5 years. Except as provided in Section 9 or as may be provided in an Award Agreement, Performance Awards will be distributed only after the end of the relevant Performance Period. The performance goals to be achieved for each Performance Period shall be conclusively determined by the Committee and may be based upon the criteria set forth in Section 8(b), or in the case of an Award that the Committee determines shall not be subject to Section 8 hereof, any other criteria that the Committee, in its sole discretion, shall determine should be used for that purpose. The amount of the Award to be distributed shall be conclusively determined by the Committee. Performance Awards may be paid in a lump sum or in installments following the close of the Performance Period or, in accordance with procedures established by the Committee, on a deferred basis.

(i) ***Other Stock-Based Awards***. The Committee is authorized, subject to limitations under applicable law, to grant to any Eligible Person such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares, as deemed by the Committee to be consistent with the purposes of the Plan. Other Stock-Based Awards may be granted to Participants either alone or in addition to other Awards granted under the Plan, and such Other Stock-Based Awards shall also be available as a form of payment in the settlement of other Awards granted under the Plan. The Committee shall

determine the terms and conditions of such Awards. Shares delivered pursuant to an Award in the nature of a purchase right granted under this Section 6(i) shall be purchased for such consideration, (including without limitation loans from the Company or a Related Entity provided that such loans are not in violation of Section 13(k) of the Exchange Act, or any rule or regulation adopted thereunder or any other applicable law) paid for at such times, by such methods, and in such forms, including, without limitation, cash, Shares, other Awards or other property, as the Committee shall determine.

7. ***Certain Provisions Applicable to Awards***.

(a) ***Stand-Alone, Additional, Tandem, and Substitute Awards***. Awards granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, any other Award or any award granted under another plan of the Company, any Related Entity, or any business entity to be acquired by the Company or a Related Entity, or any other right of a Participant to receive payment from the Company or any Related Entity. Such additional, tandem, and substitute or exchange Awards may be granted at any time. If an Award is granted in substitution or exchange for another Award or award, the Committee shall require the surrender of such other Award or award in consideration for the grant of the new Award. In addition, Awards may be granted in lieu of cash compensation, including in lieu of cash amounts payable under other plans of the Company or any Related Entity, in which the value of Shares subject to the Award is equivalent in value to the cash compensation (for example, Deferred Stock or Restricted Stock), or in which the exercise price, grant price or purchase price of the Award in the nature of a right that may be exercised is equal to the Fair Market Value of the underlying Shares minus the value of the cash compensation surrendered (for example, Options or Stock Appreciation Right granted with an exercise price or grant price "discounted" by the amount of the cash compensation surrendered), provided that any such determination to grant an Award in lieu of cash compensation must be made in compliance with Section 409A of the Code.

(b) ***Term of Awards***. The term of each Award shall be for such period as may be determined by the Committee; provided that in no event shall the term of any Option or Stock Appreciation Right exceed a period of ten years (or in the case of an Incentive Stock Option such shorter term as may be required under Section 422 of the Code).

(c) ***Form and Timing of Payment Under Awards; Deferrals***. Subject to the terms of the Plan and any applicable Award Agreement, payments to be made by the Company or a Related Entity upon the exercise of an Option or other Award or settlement of an Award may be made in such forms as the Committee shall determine, including, without limitation, cash, Shares, other Awards or other property, and may be made in a single payment or transfer, in installments, or on a deferred basis, provided that any determination to pay in installments or on a deferred basis shall be made by the Committee at the date of grant. Any installment or deferral provided for in the preceding sentence shall, however, be subject to the Company's compliance with applicable law and all applicable rules of the Listing Market, and in a manner intended to be exempt from or otherwise satisfy the requirements of Section 409A of the Code. Subject to Section 7(e) hereof, the settlement of any Award may be accelerated, and cash paid in lieu of Shares in connection with such settlement, in the sole discretion of the Committee or upon occurrence of one or more specified events (in addition to a Change in Control). Any such

settlement shall be at a value determined by the Committee in its sole discretion, which, without limitation, may in the case of an Option or Stock Appreciation Right be limited to the amount if any by which the Fair Market Value of a Share on the settlement date exceeds the exercise or grant price. Installment or deferred payments may be required by the Committee (subject to Section 7(e) of the Plan, including the consent provisions thereof in the case of any deferral of an outstanding Award not provided for in the original Award Agreement) or permitted at the election of the Participant on terms and conditions established by the Committee. The Committee may, without limitation, make provision for the payment or crediting of a reasonable interest rate on installment or deferred payments or the grant or crediting of Dividend Equivalents or other amounts in respect of installment or deferred payments denominated in Shares.

(d) ***Exemptions from Section 16(b) Liability***. : If the It is the intent of the Company that the grant of any Awards to or other transaction by a Participant who is subject to Section 16 of the Exchange Act shall be exempt from Section 16 pursuant to an applicable exemption (except for transactions acknowledged in writing to be non-exempt by such Participant). Accordingly, if any provision of this Plan or any Award Agreement does not comply with the requirements of Rule 16b-3 then applicable to any such transaction, such provision shall be construed or deemed amended to the extent necessary to conform to the applicable requirements of Rule 16b-3 so that such Participant shall avoid liability under Section 16(b).

(e) ***Code Section 409A***.

(i) The Award Agreement for any Award that the Committee reasonably determines to constitute a Section 409A Plan, and the provisions of the Plan applicable to that Award, shall be construed in a manner consistent with the applicable requirements of Section 409A, and the Committee, in its sole discretion and without the consent of any Participant, may amend any Award Agreement (and the provisions of the Plan applicable thereto) if and to the extent that the Committee determines that such amendment is necessary or appropriate to comply with the requirements of Section 409A of the Code.

(ii) If any Award constitutes a “nonqualified deferred compensation plan” under Section 409A of the Code (a “Section 409A Plan”), then the Award shall be subject to the following additional requirements, if and to the extent required to comply with Section 409A of the Code:

(A) Payments under the Section 409A Plan may not be made earlier than the first to occur of (u) the Participant’s “separation from service”, (v) the date the Participant becomes “disabled”, (w) the Participant’s death, (x) a “specified time (or pursuant to a fixed schedule)” specified in the Award Agreement at the date of the deferral of such compensation, (y) a “change in the ownership or effective control of the corporation, or in the ownership of a substantial portion of the assets” of the Company, or (z) the occurrence of an “unforeseeble emergency”;

(B) The time or schedule for any payment of the deferred compensation may not be accelerated, except to the extent provided in applicable Treasury Regulations or other applicable guidance issued by the Internal Revenue Service;

(C) Any elections with respect to the deferral of such compensation or the time and form of distribution of such deferred compensation shall comply with the requirements of Section 409A(a)(4) of the Code; and

(D) In the case of any Participant who is "specified employee", a distribution on account of a "separation from service" may not be made before the date which is six months after the date of the Participant's "separation from service" (or, if earlier, the date of the Participant's death).

For purposes of the foregoing, the terms in quotations shall have the same meanings as those terms have for purposes of Section 409A of the Code, and the limitations set forth herein shall be applied in such manner (and only to the extent) as shall be necessary to comply with any requirements of Section 409A of the Code that are applicable to the Award. The Company does not make any representation to the Participant that any Awards awarded under this Plan will be exempt from, or satisfy, the requirements of Section 409A, and the Company shall have no liability or other obligation to indemnify or hold harmless any Participant or Beneficiary for any tax, additional tax, interest or penalties that any Participant or Beneficiary may incur in the event that any provision of this Plan, any Award Agreement, or any amendment or modification thereof, or any other action taken with respect thereto, is deemed to violate any of the requirements of Section 409A.

(iii) Notwithstanding the foregoing, the Company does not make any representation to any Participant or Beneficiary that any Awards made pursuant to this Plan are exempt from, or satisfy, the requirements of Section 409A, and the Company shall have no liability or other obligation to indemnify or hold harmless the Participant or any Beneficiary for any tax, additional tax, interest or penalties that the Participant or any Beneficiary may incur in the event that any provision of this Plan, or any Award Agreement, or any amendment or modification thereof, or any other action taken with respect thereto, is deemed to violate any of the requirements of Section 409A.

8. ***Code Section 162(m) Provisions***.

(a) ***Covered Employees***. Unless otherwise specified by the Committee,] the provisions of this Section 8 shall be applicable to any Performance Award granted to an Eligible Person who is, or is likely to be, as of the end of the tax year in which the Company would claim a tax deduction in connection with such Award, a Covered Employee.

(b) ***Performance Criteria***. If a Performance Award is subject to this Section 8, then the payment or distribution thereof or the lapsing of restrictions thereon and the distribution of cash, Shares or other property pursuant thereto, as applicable, shall be contingent upon achievement of one or more objective performance goals. Performance goals shall be objective and shall otherwise meet the requirements of Section 162(m) of the Code and regulations thereunder including the requirement that the level or levels of performance targeted

by the Committee result in the achievement of performance goals being "substantially uncertain." One or more of the following business criteria for the Company, on a consolidated basis, and/or for Related Entities, or for business or geographical units of the Company and/or a Related Entity (except with respect to the total shareholder return and earnings per share criteria), shall be used by the Committee in establishing performance goals for such Awards: (1) earnings per share; (2) revenues or margins; (3) cash flow; (4) operating margin; (5) return on net assets, investment, capital, or equity; (6) economic value added; (7) direct contribution; (8) net income; pretax earnings; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings after interest expense and before extraordinary or special items; operating income or income from operations; income before interest income or expense, unusual items and income taxes, local, state or federal and excluding budgeted and actual bonuses which might be paid under any ongoing bonus plans of the Company; (9) working capital; (10) management of fixed costs or variable costs; (11) identification or consummation of investment opportunities or completion of specified projects in accordance with corporate business plans, including strategic mergers, acquisitions or divestitures; (12) total shareholder return; (13) debt reduction; (14) market share; (15) entry into new markets, either geographically or by business unit; (16) customer retention and satisfaction; (17) strategic plan development and implementation, including turnaround plans; and/or (18) the Fair Market Value of a Share. Any of the above goals may be determined on an absolute or relative basis or as compared to the performance of a published or special index deemed applicable by the Committee including, but not limited to, the Standard & Poor's 500 Stock Index or a group of companies that are comparable to the Company. In determining the achievement of the performance goals, the Committee shall exclude the impact of any (i) restructurings, discontinued operations, extraordinary items, and other unusual or non-recurring charges, (ii) event either not directly related to the operations of the Company or not within the reasonable control of the Company's management, or (iii) change in accounting standards required by generally accepted accounting principles.

(c) ***Performance Period; Timing For Establishing Performance Goals***. Achievement of performance goals in respect of Performance Awards shall be measured over a Performance Period no shorter than 12 months and no longer than 5 years, as specified by the Committee. Performance goals shall be established not later than 90 days after the beginning of any Performance Period applicable to such Performance Awards, or at such other date as may be required or permitted for "performance-based compensation" under Section 162(m) of the Code.

(d) ***Adjustments***. The Committee may, in its discretion, reduce the amount of a settlement otherwise to be made in connection with Awards subject to this Section 8, but may not exercise discretion to increase any such amount payable to a Covered Employee in respect of an Award subject to this Section 8. The Committee shall specify the circumstances in which such Awards shall be paid or forfeited in the event of termination of Continuous Service by the Participant prior to the end of a Performance Period or settlement of Awards.

(e) ***Committee Certification***. No Participant shall receive any payment under the Plan that is subject to this Section 8 unless the Committee has certified, by resolution or other appropriate action in writing, that the performance criteria and any other material terms previously established by the Committee or set forth in the Plan, have been satisfied to the extent necessary to qualify as "performance based compensation" under Section 162(m) of the Code.

9. ***Change in Control***.

(a) ***Effect of "Change in Control."*** If and only to the extent provided in any employment or other agreement between the Participant and the Company or any Related Entity, or in any Award Agreement, or to the extent otherwise determined by the Committee in its sole discretion and without any requirement that each Participant be treated consistently, upon the occurrence of a "Change in Control," as defined in Section 9(b):

(i) Any Option or Stock Appreciation Right that was not previously vested and exercisable as of the time of the Change in Control, shall become immediately vested and exercisable, subject to applicable restrictions set forth in Section 10(a) hereof.

(ii) Any restrictions, deferral of settlement, and forfeiture conditions applicable to a Restricted Stock Award, Deferred Stock Award or an Other Stock-Based Award subject only to future service requirements granted under the Plan shall lapse and such Awards shall be deemed fully vested as of the time of the Change in Control, except to the extent of any waiver by the Participant and subject to applicable restrictions set forth in Section 10(a) hereof.

(iii) With respect to any outstanding Award subject to achievement of performance goals and conditions under the Plan, the Committee may, in its discretion, deem such performance goals and conditions as having been met as of the date of the Change in Control.

(b) ***Definition of "Change in Control"*** . Unless otherwise specified in any employment agreement between the Participant and the Company or any Related Entity, or in an Award Agreement, a "Change in Control" shall mean the occurrence of any of the following:

(i) The acquisition by any Person of Beneficial Ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than fifty percent (50%) of either (A) the value of then outstanding equity securities of the Company (the "Outstanding Company Stock") or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities) (the foregoing Beneficial Ownership hereinafter being referred to as a "Controlling Interest"); provided, however, that for purposes of this Section 9(b), the following acquisitions shall not constitute or result in a Change in Control: (v) any acquisition directly from the Company; (w) any acquisition by the Company; (x) any acquisition by any Person that as of the Effective Date owns Beneficial Ownership of a Controlling Interest; (y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Related Entity; or (z) any acquisition by any entity pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii) below; or

(ii) During any period of three (3) consecutive years (not including any period prior to the Effective Date) individuals who constitute the Board on the Effective Date (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be

considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its Related Entities, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or equity of another entity by the Company or any of its Related Entities (each a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Outstanding Company Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of the value of the then outstanding equity securities and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of members of the board of directors (or comparable governing body of an entity that does not have such a board), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Stock and Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination or any Person that as of the Effective Date owns Beneficial Ownership of a Controlling Interest) beneficially owns, directly or indirectly, fifty percent (50%) or more of the value of the then outstanding equity securities of the entity resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such entity except to the extent that such ownership existed prior to the Business Combination and (C) at least a majority of the members of the Board of Directors or other governing body of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

10. ***General Provisions***.

(a) Compliance With Legal and Other Requirements. The Company may, to the extent deemed necessary or advisable by the Committee, postpone the issuance or delivery of Shares or payment of other benefits under any Award until completion of such registration or qualification of such Shares or other required action under any federal or state law, rule or regulation, listing or other required action with respect to the Listing Market, or compliance with any other obligation of the Company, as the Committee, may consider appropriate, and may require any Participant to make such representations, furnish such information and comply with or be subject to such other conditions as it may consider appropriate in connection with the issuance or delivery of Shares or payment of other benefits in compliance with applicable laws, rules, and regulations, listing requirements, or other obligations.

(b) ***Limits on Transferability; Beneficiaries***. No Award or other right or interest granted under the Plan shall be pledged, hypothecated or otherwise encumbered or subject to any lien, obligation or liability of such Participant to any party, or assigned or transferred by such Participant otherwise than by will or the laws of descent and distribution or to a Beneficiary upon the death of a Participant, and such Awards or rights that may be exercisable shall be exercised during the lifetime of the Participant only by the Participant or his or her guardian or legal representative, except that Awards and other rights (other than Incentive Stock Options and Stock Appreciation Rights in tandem therewith) may be transferred to one or more Beneficiaries or other transferees during the lifetime of the Participant, and may be exercised by such transferees in accordance with the terms of such Award, but only if and to the extent such transfers are permitted by the Committee pursuant to the express terms of an Award Agreement (subject to any terms and conditions which the Committee may impose thereon). A Beneficiary, transferee, or other person claiming any rights under the Plan from or through any Participant shall be subject to all terms and conditions of the Plan and any Award Agreement applicable to such Participant, except as otherwise determined by the Committee, and to any additional terms and conditions deemed necessary or appropriate by the Committee.

(c) ***Adjustments***.

(i) ***Adjustments to Awards***. In the event that any extraordinary dividend or other distribution (whether in the form of cash, Shares, or other property), recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange, liquidation, dissolution or other similar corporate transaction or event affects the Shares and/or such other securities of the Company or any other issuer such that a substitution, exchange, or adjustment is determined by the Committee to be appropriate, then the Committee shall, in such manner as it may deem equitable, substitute, exchange or adjust any or all of (A) the number and kind of Shares which may be delivered in connection with Awards granted thereafter, (B) the number and kind of Shares by which annual per-person Award limitations are measured under Section 4 hereof, (C) the number and kind of Shares subject to or deliverable in respect of outstanding Awards, (D) the exercise price, grant price or purchase price relating to any Award and/or make provision for payment of cash or other property in respect of any outstanding Award, and (E) any other aspect of any Award that the Committee determines to be appropriate.

(ii) ***Adjustments in Case of Certain Transactions***. In the event of any merger, consolidation or other reorganization in which the Company does not survive, or in the event of any Change in Control, any outstanding Awards may be dealt with in accordance with any of the following approaches, without the requirement of obtaining any consent or agreement of a Participant as such, as determined by the agreement effectuating the transaction or, if and to the extent not so determined, as determined by the Committee: (a) the continuation of the outstanding Awards by the Company, if the Company is a surviving entity, (b) the assumption or substitution for, as those terms are defined in Section 9(a)(iv) hereof, the outstanding Awards by the surviving entity or its parent or subsidiary, (c) full exercisability or vesting and accelerated expiration of the outstanding Awards, or (d) settlement of the value of the outstanding Awards in

cash or cash equivalents or other property followed by cancellation of such Awards (which value, in the case of Options or Stock Appreciation Rights, shall be measured by the amount, if any, by which the Fair Market Value of a Share exceeds the exercise or grant price of the Option or Stock Appreciation Right as of the effective date of the transaction). The Committee shall give written notice of any proposed transaction referred to in this Section 10(c)(ii) at a reasonable period of time prior to the closing date for such transaction (which notice may be given either before or after the approval of such transaction), in order that Participants may have a reasonable period of time prior to the closing date of such transaction within which to exercise any Awards that are then exercisable (including any Awards that may become exercisable upon the closing date of such transaction). A Participant may condition his exercise of any Awards upon the consummation of the transaction.

(iii) ***Other Adjustments***. The Committee (and the Board if and only to the extent such authority is not required to be exercised by the Committee to comply with Section 162(m) of the Code) is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards (including Performance Awards, or performance goals and conditions relating thereto) in recognition of unusual or nonrecurring events (including, without limitation, acquisitions and dispositions of businesses and assets) affecting the Company, any Related Entity or any business unit, or the financial statements of the Company or any Related Entity, or in response to changes in applicable laws, regulations, accounting principles, tax rates and regulations or business conditions or in view of the Committee's assessment of the business strategy of the Company, any Related Entity or business unit thereof, performance of comparable organizations, economic and business conditions, personal performance of a Participant, and any other circumstances deemed relevant; provided that no such adjustment shall be authorized or made if and to the extent that such authority or the making of such adjustment would cause Options, Stock Appreciation Rights, Performance Awards granted pursuant to Section 8(b) hereof to Participants designated by the Committee as Covered Employees and intended to qualify as "performance-based compensation" under Code Section 162(m) and the regulations thereunder to otherwise fail to qualify as "performance-based compensation" under Code Section 162(m) and regulations thereunder. Adjustments permitted hereby may include, without limitation, increasing the exercise price of Options and Stock Appreciation Rights, increasing performance goals, or other adjustments that may be adverse to the Participant.

(d) ***Taxes***. The Company and any Related Entity are authorized to withhold from any Award granted, any payment relating to an Award under the Plan, including from a distribution of Shares, or any payroll or other payment to a Participant, amounts of withholding and other taxes due or potentially payable in connection with any transaction involving an Award, and to take such other action as the Committee may deem advisable to enable the Company or any Related Entity and Participants to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Award. This authority shall include authority to withhold or receive Shares or other property and to make cash payments in respect thereof in satisfaction of a Participant's tax obligations, either on a mandatory or elective basis in the discretion of the Committee.

(e) ***Changes to the Plan and Awards***. The Board may amend, alter, suspend, discontinue or terminate the Plan, or the Committee's authority to grant Awards under the Plan, without the consent of shareholders or Participants, except that any amendment or alteration to

the Plan shall be subject to the approval of the Company's shareholders not later than the annual meeting next following such Board action if such shareholder approval is required by any federal or state law or regulation (including, without limitation, Rule 16b-3 or Code Section 162(m)) or the rules of the Listing Market, and the Board may otherwise, in its discretion, determine to submit other such changes to the Plan to shareholders for approval; provided that, except as otherwise permitted by the Plan or Award Agreement, without the consent of an affected Participant, no such Board action may materially and adversely affect the rights of such Participant under the terms of any previously granted and outstanding Award. The Committee may waive any conditions or rights under, or amend, alter, suspend, discontinue or terminate any Award theretofore granted and any Award Agreement relating thereto, except as otherwise provided in the Plan; provided that, except as otherwise permitted by the Plan or Award Agreement, without the consent of an affected Participant, no such Committee or the Board action may materially and adversely affect the rights of such Participant under terms of such Award.

(f) ***Limitation on Rights Conferred Under Plan***. Neither the Plan nor any action taken hereunder or under any Award shall be construed as (i) giving any Eligible Person or Participant the right to continue as an Eligible Person or Participant or in the employ or service of the Company or a Related Entity; (ii) interfering in any way with the right of the Company or a Related Entity to terminate any Eligible Person's or Participant's Continuous Service at any time, (iii) giving an Eligible Person or Participant any claim to be granted any Award under the Plan or to be treated uniformly with other Participants and Employees, or (iv) conferring on a Participant any of the rights of a shareholder of the Company including, without limitation, any right to receive dividends or distributions, any right to vote or act by written consent, any right to attend meetings of shareholders or any right to receive any information concerning the Company's business, financial condition, results of operation or prospects, unless and until such time as the Participant is duly issued Shares on the stock books of the Company in accordance with the terms of an Award. None of the Company, its officers or its directors shall have any fiduciary obligation to the Participant with respect to any Awards unless and until the Participant is duly issued Shares pursuant to the Award on the stock books of the Company in accordance with the terms of an Award. Neither the Company nor any of the Company's officers, directors, representatives or agents is granting any rights under the Plan to the Participant whatsoever, oral or written, express or implied, other than those rights expressly set forth in this Plan or the Award Agreement.

(g) ***Unfunded Status of Awards; Creation of Trusts***. The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant or obligation to deliver Shares pursuant to an Award, nothing contained in the Plan or any Award shall give any such Participant any rights that are greater than those of a general creditor of the Company; provided that the Committee may authorize the creation of trusts and deposit therein cash, Shares, other Awards or other property, or make other arrangements to meet the Company's obligations under the Plan. Such trusts or other arrangements shall be consistent with the "unfunded" status of the Plan unless the Committee otherwise determines with the consent of each affected Participant. The trustee of such trusts may be authorized to dispose of trust assets and reinvest the proceeds in alternative investments, subject to such terms and conditions as the Committee may specify and in accordance with applicable law.

(h) ***Nonexclusivity of the Plan***. Neither the adoption of the Plan by the Board nor its submission to the shareholders of the Company for approval shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements as it may deem desirable including incentive arrangements and awards which do not qualify under Section 162(m) of the Code.

(i) ***Payments in the Event of Forfeitures; Fractional Shares***. Unless otherwise determined by the Committee, in the event of a forfeiture of an Award with respect to which a Participant paid cash or other consideration, the Participant shall be repaid the amount of such cash or other consideration. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, other Awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

(j) ***Governing Law***. The validity, construction and effect of the Plan, any rules and regulations under the Plan, and any Award Agreement shall be determined in accordance with the laws of the Commonwealth of Massachusetts without giving effect to principles of conflict of laws, and applicable federal law.

(k) ***Non-U.S. Laws***. The Committee shall have the authority to adopt such modifications, procedures, and subplans as may be necessary or desirable to comply with provisions of the laws of foreign countries in which the Company or its Related Entities may operate to assure the viability of the benefits from Awards granted to Participants performing services in such countries and to meet the objectives of the Plan.

(l) ***Plan Effective Date and Shareholder Approval; Termination of Plan***. The Plan shall become effective on the Effective Date, subject to subsequent approval, within 12 months of its adoption by the Board, by shareholders of the Company eligible to vote in the election of directors, by a vote sufficient to meet the requirements of Code Sections 162(m) (if applicable) and 422, Rule 16b-3 under the Exchange Act (if applicable), applicable requirements under the rules of any stock exchange or automated quotation system on which the Shares may be listed or quoted, and other laws, regulations, and obligations of the Company applicable to the Plan. Awards may be granted subject to shareholder approval, but may not be exercised or otherwise settled in the event the shareholder approval is not obtained. The Plan shall terminate at the earliest of (a) such time as no Shares remain available for issuance under the Plan, (b) termination of this Plan by the Board, or (c) the tenth anniversary of the Effective Date. Awards outstanding upon expiration of the Plan shall remain in effect until they have been exercised or terminated, or have expired.

PRO-PHARMACEUTICALS, INC.

ADVANCING DRUGS THROUGH GLYCOSCIENCE®

PRO-PHARMACEUTICALS CLOSES INITIAL $1.8 MILLION TRANCHE OF UP TO $6.0 MILLION PRIVATE PLACEMENT

Newton, MA (February 17, 2009) Pro-Pharmaceuticals, Inc. (OTCBB: PRWP) (the "Company"), today announced that it has closed the initial $1.8 million tranche of a private placement in the amount of up to $6.0 million with 10X Fund, L.P., which is purchasing unregistered Series B convertible preferred stock and warrants.

At the initial closing, which occurred on February 12, 2009, the Company issued and sold (i) 900,000 shares of Series B-1 Preferred Stock convertible into 3,600,000 of common stock, (ii) Class A-1 and A-2 warrants exercisable to purchase an aggregate of 3,600,000 shares of common stock and (iii) Class B warrants exercisable to purchase 7,200,000 shares of common stock, for a gross purchase price of $1.8 million. At one or more subsequent closings, which the Company expects to occur on or before August 11, 2009, the Company has agreed to issue and sell, subject to certain conditions, (i) up to an additional 2,100,000 shares of Series B-2 Preferred Stock convertible into 8,400,000 shares of common stock, (ii) Class A-1 and A-2 warrants exercisable to purchase an aggregate of up to 8,400,000 shares of common stock, and (iii) Class B warrants exercisable to purchase up to 16,800,000 shares of common stock, for a gross purchase price of $4.2 million.

The Series B-1 and Series B-2 Convertible Preferred Stock will have the same terms and conditions, other than with respect to redemption rights. Holders of Series B Preferred Stock will vote with the holders of the Company's common stock on an as-converted basis. Each share of Series B Preferred Stock will pay a 12% per annum dividend, payable quarterly in cash or common stock at the Company's option. Each share of Series B Preferred Stock is convertible into four shares of the Company's common stock at the conversion price of $0.50 per share at the option of: (i) the holder, at any time and (ii) the Company, at any time after February 12, 2010 if the Company's common stock is quoted at or above $1.50 for 15 consecutive trading days and an effective registration statement regarding the underlying shares of common stock is in effect (subject to certain monthly volume limits). Upon notice of not less than 30 trading days, the Company may require a holder of Series B Preferred Stock to redeem, in whole or in part, (i) the Series B-1 Preferred Stock at any time on or after March 12, 2010 and (ii) the Series B-2 Preferred Stock at any time on or after two years from the date of issuance of such shares of Series B-2 Preferred Stock. The redemption price will be equal to the sum of the stated value of the Series B Preferred Stock, plus all accrued but unpaid dividends thereon, as of the redemption date.

Each Class A-1 Warrant, Class A-2 Warrant and Class B Warrant is exercisable at $0.50 per share of Common Stock at any time on or after the date of issuance until the fifth anniversary of the respective issue date. The Class A-1 and Class A-2 Warrants may be redeemed by the Company upon the occurrence of certain conditions.

The Company expects to use the proceeds from the financing to complete the submission of a New Drug Application to the U.S. Food and Drug Administration for its lead product candidate, DAVANAT®, as well as for general corporate purposes.

The Series B Preferred Stock, the Class A-1 Warrants, the Class A-2 Warrants and the Class B Warrants, including the common stock underlying the Series B Preferred Stock and warrants, have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

About Pro-Pharmaceuticals, Inc.

Pro-Pharmaceuticals is a clinical and development stage pharmaceutical company engaged in the discovery, development and commercialization of carbohydrate-based, therapeutic compounds for advanced treatment of cancer, liver, microbial and inflammatory diseases.

FORWARD LOOKING STATEMENTS: Any statements in this news release about future expectations, plans and prospects for the company, including without limitation statements containing the words “believes,” “anticipates,” “plans,” “expects,” “intends,” and similar expressions, constitute forward-looking statements as defined in the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management’s current expectations and are subject to a number of factors and uncertainties, which could cause actual results to differ materially from those described in such statements. We caution investors that actual results or business conditions may differ materially from those projected or suggested in forward-looking statements as a result of various factors including, but not limited to, the following: uncertainties as to the utility and market for our potential products; uncertainties associated with pre-clinical and clinical trials of our product candidates; and uncertainties as to the results of the financing. More information about those risks and uncertainties is contained in the Company’s most recent quarterly or annual report and in the Company’s other reports filed with the Securities and Exchange Commission. While the Company anticipates that subsequent events may cause the Company’s views to change, the Company disclaims any obligation to update such forward-looking statements.

PRO-PHARMACEUTICALS, INC.
ADVANCING DRUGS THROUGH GLYCOSCIENCE®

PRO-PHARMACEUTICALS NAMES THEODORE D. ZUCCONI, PH.D., CHIEF EXECUTIVE OFFICER

Gil Amelio, Ph.D., Jim Czirr, Rod Martin, J.D., Peter Traber, M.D., Named to the Company's Board of Directors

Newton, MA (February 17, 2009) Pro-Pharmaceuticals, Inc. (OTCBB: PRWP), ("the Company"), today announced that Theodore D. Zucconi, Ph.D., a member of the Company's Board of Directors and former President, was named Chief Executive Officer and President. Dr. Zucconi replaces David Platt, Ph.D., who will become Chief Executive Officer and Chief Technology Officer of Medi-Pharmaceuticals, Inc, a company that is 10% owned by Pro-Pharmaceuticals that is focused on developing cardio-vascular treatments. The Company also announced that Anatole Klyosov, Ph.D. has returned to Pro-Pharmaceuticals as Chief Scientist.

In addition, Gilbert Amelio, Ph.D., James Czirr, Rod Martin, J.D., and Peter Traber, M.D., were named to the Company's Board of Directors replacing directors Dr. David Platt, James Gourzis, M.D., Dale Conaway, D.V.M., and Henry Esber, Ph.D., each of whom resigned from the Company's Board of Directors.

"We are committed to focusing our resources on the commercialization of DAVANAT® using two simultaneous, parallel paths to approval," said Theodore D. Zucconi, Ph.D., Chief Executive Officer, Pro-Pharmaceuticals, Inc. "The shortest path to approval requires demonstrating enhanced pharmacokinetic activity in combination with 5-FU for our New Drug Application; the second path to approval is to complete the Phase lll trial and to demonstrate superiority to the best standard of care for late stage colorectal cancer patients. By following both paths at once, we have a unique opportunity to get to market more quickly, and to begin helping patients sooner than would be possible with a more traditional approach."

Dr. Zucconi continued: "The management and board changes announced today will help us advance DAVANAT® and to demonstrate its worth, which we believe has been under-valued by the market. The caliber of people we've been able to attract at this crucial time speaks for itself."

The new members of the Company's Board of Directors include:

- Dr. Gilbert F. Amelio, a venture capitalist focused on early stage companies, is a senior partner of Sienna Ventures and lead director of AT&T, Inc. Dr. Amelio is a former CEO of Apple, Inc., and of National Semiconductor Corporation, which he led from its worst-ever to its best-ever quarter in just three years. Dr. Amelio has also served as a director of Chiron (now a part of Novartis Vaccines and Diagnostics), is the author of two business best-sellers, and has been personally awarded sixteen patents.
- James Czirr, who was named Chairman of the Board, is the Company's largest shareholder and a co-founder and principal of 10X Capital Management. Mr. Czirr was a co-founder of Pro-Pharmaceuticals and was instrumental in the early stage development of Safe Science Inc., a developer of anti-cancer drugs, Minerva Biotechnologies Corporation, a developer of nano particle bio chips to determine the cause of solid tumors, and Metalline Mining, a large project being developed to be a low cost producer of zinc.

- Rod D. Martin is co-founder and principal of 10X Capital Management. Mr. Martin previously served as a senior advisor to PayPal, Inc. founder Peter Thiel, most notably during PayPal's IPO and subsequent merger with eBay Inc., and afterward at Clarium Capital, a global macro hedge fund which today has more than $5 billion under management. Mr. Martin also served as Director of Policy Planning & Research for former Arkansas Governor and presidential candidate Mike Huckabee. He is a widely noted author and speaker, and leads several non-profit organizations.
- Dr. Peter Traber is President Emeritus and former CEO of Baylor College of Medicine. Previously, Dr. Traber was Senior VP Clinical Development and Regulatory Affairs and Chief Medical Officer of GlaxoSmithKline plc. He has also served as CEO of the University of Pennsylvania Health System, as well as Chair of the Department of Internal Medicine and Chief of Gastroenterology for the University of Pennsylvania School of Medicine.

Dr. Platt and Eliezer Zomer, Ph.D., who resigned, will provide advisory and consulting services to Pro-Pharmaceuticals during a two-year transition period. "We would like to thank Dr. Platt for his leadership and tireless work to get Pro from an idea to what has become a clear path toward FDA approval and commercialization of DAVANAT®," Dr. Zucconi said, "and we are excited about continuing to work with both Dr. Platt and Dr. Zomer in the years to come."

About Pro-Pharmaceuticals, Inc. – Advancing Drugs Through Glycoscience®

Pro-Pharmaceuticals is a clinical and development stage pharmaceutical company engaged in the discovery, development and commercialization of carbohydrate-based, therapeutic compounds for advanced treatment of cancer, liver, microbial and inflammatory diseases. The company's initial focus is the development of carbohydrate polymers to treat cancer patients. DAVANAT®, the company's lead drug candidate, is a polysaccharide polymer that targets Galectin receptors on cancer cells. The company is headquartered in Newton, Mass. Additional information is available at www.pro-pharmaceuticals.com.

FORWARD LOOKING STATEMENTS: Any statements in this news release about future expectations, plans and prospects for the company, including without limitation statements containing the words "believes," "anticipates," "plans," "expects," "intends," and similar expressions, constitute forward-looking statements as defined in the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management's current expectations and are subject to a number of factors and uncertainties, which could cause actual results to differ materially from those described in such statements. We caution investors that actual results or business conditions may differ materially from those projected or suggested in forward-looking statements as a result of various factors including, but not limited to, the following: uncertainties as to the utility and market for our potential products; uncertainties associated with pre-clinical and clinical trials of our product candidates; and uncertainties as to the results of the financing. More information about those risks and uncertainties is contained in the company's most recent quarterly or annual report and in the company's other reports filed with the Securities and Exchange Commission. While the company anticipates that subsequent events may cause the company's views to change, the company disclaims any obligation to update such forward-looking statements.

Contact: Pro-Pharmaceuticals, Inc., Anthony D. Squeglia: 617.559.0033; squeglia@pro-pharmaceuticals.com.