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

FORM 8-K

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

Date of Report (Date of Earliest Event Reported): June 29, 2018

Allena Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction
of incorporation)

001-38268
(Commission
File Number)

45-2729920
(I.R.S. Employer
Identification No.)

One Newton Executive Park, Suite 202
Newton, Massachusetts
(Address of principal executive offices)

02462
(Zip Code)

Registrant's telephone number, including area code (617) 467-4577

Not Applicable
(Former name or former address, if changed since last report)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Emerging growth company

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

Item 1.01. Entry into a Material Definitive Agreement.

On June 29, 2018, Allena Pharmaceuticals, Inc. (the “Company” or “we”) entered into a loan and security agreement with Pacific Western Bank (the “PWB Loan Agreement”). The PWB Loan Agreement provides up to \$12.0 million principal in term loans, \$10.0 million of which was funded at the time we entered into the agreement (the “Funding Date”), of which the Company utilized approximately \$8.5 million to repay the outstanding indebtedness under its existing loan and security agreement with Silicon Valley Bank. The borrowings under the PWB Loan Agreement have an interest rate equal to the greater of 5.0% or the prime rate then in effect.

The repayment schedule provides for interest only payments for eighteen months, beginning in July 2018, pursuant to the terms of the PWB Loan Agreement. The PWB Loan Agreement provides for extension of the aforementioned eighteen month period to twenty four months following receipt by the Company of at least \$50 million in gross proceeds from the sale of its equity securities or an upfront payment from a strategic partnership by December 31, 2019. Following the interest only period, the loan repayment schedule provides for 30 or 24 equal monthly payments of principal plus interest, as the case may be. We have the option to prepay the outstanding balance of the term loan in full, subject to a prepayment fee of 0% to 2% depending upon when the prepayment occurs. In addition, in the event the Company closes one or more financings pursuant to which the Company receives aggregate gross proceeds in the amount of at least \$25.0 million, the PWB Loan Agreement requires the Company to pay to Pacific Western Bank a one-time fee equal to (a) \$200,000, if such fee is paid on or before June 30, 2019 and (b) \$300,000, if such fee is paid after June 30, 2019. This obligation survives the termination of the PWB Loan Agreement. The term loan facility matures on June 29, 2022. We did not issue any warrants in connection with entering into the PWB Loan Agreement.

The borrowings under the PWB Loan Agreement are secured by a lien on all of our assets except intellectual property. The PWB Loan Agreement contains customary representations, warranties and covenants by us, including negative covenants restricting our activities, such as disposing of our business or certain assets, incurring additional debt or liens or making payments on other debt, making certain investments and declaring dividends, acquiring or merging with another entity, engaging in transactions with affiliates or encumbering intellectual property, among others. The obligations under the PWB Loan Agreement are subject to acceleration upon occurrence of specified events of default, including a material adverse change in our business, operations or financial or other condition.

The PWB Loan Agreement is filed as Exhibit 10.1 to this Current Report on Form 8-K, and the above description of the PWB Loan Agreement is qualified in its entirety by reference to such exhibit.

Item 1.02. Termination of a Material Definitive Agreement.

On the Funding Date, the Company utilized approximately \$8.5 million of the term loan pursuant to the PWB Loan Agreement to pay off all obligations owing under, and to terminate, as of the Funding Date, the Loan and Security Agreement between the Company and Silicon Valley Bank, dated August 18, 2014, as amended (the “Prior Loan Agreement”). The Prior Loan Agreement had permitted the Company to borrow up to an aggregate principal amount of \$10.0 million. The Prior Loan Agreement was secured by all of the Company’s assets other than its intellectual property. In connection with the Prior Loan Agreement, the Company granted warrants to Silicon Valley Bank to purchase up to 43,265 shares of the Company’s common stock at various exercise prices, of which warrants to purchase up to 9,040 shares of the Company’s common stock remained outstanding at December 31, 2017.

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

The information regarding the PWB Loan Agreement set forth under Item 1.01 of this Current Report on Form 8-K is incorporated by reference in this Item 2.03.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit
No.

Description

10.1 [Loan and Security Agreement by and between Allena Pharmaceuticals, Inc. and Pacific Western Bank, dated June 29, 2018.](#)

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.

Allena Pharmaceuticals, Inc.

Date: July 6, 2018

By: /s/ Edward Wholihan
Edward Wholihan
Chief Financial Officer

ALLENA PHARMACEUTICALS, INC.

PACIFIC WESTERN BANK

LOAN AND SECURITY AGREEMENT

This LOAN AND SECURITY AGREEMENT (the "Agreement") is entered into as of June 29, 2018, by and between PACIFIC WESTERN BANK, a California state chartered bank ("Bank") and ALLENA PHARMACEUTICALS, INC., a Delaware corporation ("Borrower").

RECITALS

Borrower wishes to obtain credit from time to time from Bank, and Bank desires to extend credit to Borrower. This Agreement sets forth the terms on which Bank will advance credit to Borrower, and Borrower will repay the amounts owing to Bank.

AGREEMENT

The parties agree as follows:

1. DEFINITIONS AND CONSTRUCTION.

1.1 Definitions. As used in this Agreement, all capitalized terms shall have the definitions set forth on Exhibit A. Any term used in the Code and not defined herein shall have the meaning given to the term in the Code.

1.2 Accounting Terms. Any accounting term not specifically defined on Exhibit A shall be construed in accordance with GAAP and all calculations shall be made in accordance with GAAP (except for non-compliance with FAS 123R in monthly reporting). The term "financial statements" shall include the accompanying notes and schedules.

2. LOAN AND TERMS OF PAYMENT.

2.1 Credit Extensions.

(a) Promise to Pay. Borrower promises to pay to Bank, in lawful money of the United States of America, the aggregate unpaid principal amount of all Credit Extensions made by Bank to Borrower, together with interest on the unpaid principal amount of such Credit Extensions at rates in accordance with the terms hereof.

(b) Usage of Credit Card Services Under the Credit Card Line.

(i) Usage Period. Subject to and upon the terms and conditions of this Agreement, at any time from the Closing Date through the Credit Card Maturity Date, Borrower may use the Credit Card Services (as defined below) in amounts and upon terms as provided in Section 2.1(b)(ii) below.

(ii) Credit Card Services. Subject to and upon the terms and conditions of this Agreement, Borrower may request corporate credit cards and standard and e-commerce merchant account services from Bank (collectively, the "Credit Card Services"). The aggregate limit of the corporate credit cards and merchant credit card processing reserves shall not exceed the Credit Card Line. The terms and conditions (including repayment and fees) of such Credit Card Services shall be subject to the terms and conditions of Bank's standard forms of application and agreement for the Credit Card Services.

(iii) Collateralization of Obligations Extending Beyond Maturity. If Borrower has not cash secured its obligations with respect to any Credit Card Services by the Credit Card Maturity Date, then, effective as of such date, the balance in any deposit accounts held by Bank and the certificates of deposit or time deposit accounts issued by Bank in Borrower's name (and any interest paid thereon or proceeds thereof, including any amounts payable upon the maturity or liquidation of such certificates or accounts), shall automatically secure such obligations to the extent of the then continuing or outstanding Credit Card Services. Borrower authorizes Bank to hold such balances in pledge and to decline to honor any drafts thereon or any requests by Borrower or any other Person to pay or otherwise transfer any part of such balances for so long as the applicable Credit Card Services are outstanding or continue.

(c) Term Loan.

(i) Subject to and upon the terms and conditions of this Agreement, Bank agrees to make one (1) or more term loans to Borrower in an aggregate principal amount not to exceed Twelve Million Dollars (\$12,000,000) (each a "Term Loan" and collectively the "Term Loans"). The initial Term Loan shall be in a principal amount of at least Ten Million Dollars (\$10,000,000), the first proceeds of which Borrower shall use to repay all indebtedness that Borrower owes to Silicon Valley Bank pursuant to the SVB Loan Agreement and for working capital and other general corporate purposes. Borrower may request one (1) additional Term Loan at any time from the date hereof through the Availability End Date. The proceeds of the Term Loans shall be used for general working capital and corporate purposes and for capital expenditures.

(ii) Interest shall accrue from the date of each Term Loan at the rate specified in Section 2.3(a), and prior to the Availability End Date for the applicable Term Loan shall be payable monthly in arrears beginning on the first day of the month next following such Term Loan, and continuing on the same day of each month thereafter. Any Term Loans that are outstanding on the Availability End Date shall be payable in thirty (30) equal monthly installments of principal, plus all accrued but unpaid interest, beginning on January 1, 2020, and continuing on the same day of each month thereafter through the Maturity Date, at which time all outstanding amounts due in connection with the Term Loans and any other outstanding amounts due under this Agreement shall be immediately due and payable. Notwithstanding the foregoing, if the Availability End Date is extended to June 30, 2020, then any Term Loans outstanding on such date shall be payable in twenty four (24) equal monthly installments of principal, plus all accrued but unpaid interest, beginning on July 1, 2020, and continuing on the same day each month thereafter through the Maturity Date, at which time all outstanding amounts due in connection with the Term Loans and any other outstanding amounts due under this Agreement shall be immediately due and payable. Term Loans, once repaid, may not be reborrowed.

(iii) Borrower may prepay all but not less than all of the outstanding Term Loans, provided that Borrower shall pay a prepayment fee equal to (i) 2.0% of the amount prepaid before the first anniversary of the Closing Date, (ii) 1.0% of the amount prepaid on or after the first anniversary but before the second anniversary of the Closing Date, and 0% for any prepayment on or after the second anniversary of the Closing Date.

(iv) When Borrower desires to obtain a Term Loan, Borrower shall notify Bank (which notice shall be irrevocable) by facsimile transmission or email to be received no later than 3:30 p.m. Eastern Time on the day on which the Term Loan is to be made. Such notice shall be given by a Loan Advance/Paydown Request Form in substantially the form of Exhibit C. The notice shall be signed by an Authorized Officer. Bank shall be entitled to rely on any notice given by a person whom Bank reasonably believes to be an Authorized Officer, and Borrower shall indemnify and hold Bank harmless for any damages, out-of-pocket loss or reasonable documented out-of-pocket costs and expenses suffered by Bank as a result of such reliance (except to the extent such damages, losses, costs or expenses result from Bank's gross negligence or willful misconduct).

2.2 [Reserved].

2.3 Interest Rates, Payments, and Calculations.

(a) **Interest Rates.** Except as set forth in Section 2.3(b), the Term Loans shall bear interest, on the outstanding daily balance thereof, at a variable annual rate equal to the greater of (A) the Prime Rate then in effect and (B) 5.0%.

(b) **Late Fee; Default Rate.** If any payment is not made within 15 days after the date such payment is due, Borrower shall pay Bank a late fee equal to the lesser of (i) 5% of the amount of such unpaid amount and (ii) the maximum amount permitted to be charged under applicable law. All outstanding Obligations shall, at Bank's option, bear interest, from and after the occurrence and during the continuance of an Event of Default, at a rate equal to 5 percentage points above the interest rate applicable immediately prior to the occurrence of the Event of Default.

(c) **Payments.** Borrower authorizes Bank, at its option, to charge such interest, all Bank Expenses, all Periodic Payments, and any other amounts due and owing in accordance with the terms of this Agreement against, first, a deposit account designated by Borrower in writing, and second, if insufficient funds remain in such account, any of Borrower's other deposit accounts. Any interest not paid when due shall be compounded by becoming a part of the Obligations, and such interest shall thereafter accrue interest at the rate then applicable hereunder.

(d) **Computation.** In the event the Prime Rate is changed from time to time hereafter, the applicable rate of interest hereunder shall be increased or decreased, effective as of the day the Prime Rate is changed, by an amount equal to such change in the Prime Rate. All interest chargeable under the Loan Documents shall be computed on the basis of a 360 day year for the actual number of days elapsed.

2.4 Crediting Payments. Except during the continuance of an Event of Default, Bank shall credit a wire transfer of funds, check or other item of payment to such deposit account or Obligation as Borrower specifies. After the occurrence and during the continuance of an Event of Default, Bank shall have the right, in its sole discretion, to

immediately apply any wire transfer of funds, check, or other item of payment Bank may receive to conditionally reduce Obligations, but such applications of funds shall not be considered a payment on account unless such payment is of immediately available federal funds or unless and until such check or other item of payment is honored when presented for payment. Notwithstanding anything to the contrary contained herein, any wire transfer or payment received by Bank after 5:30 p.m. Eastern time shall be deemed to have been received by Bank as of the opening of business on the immediately following Business Day. Whenever any payment to Bank under the Loan Documents would otherwise be due (except by reason of acceleration) on a date that is not a Business Day, such payment shall instead be due on the next Business Day, and additional fees or interest, as the case may be, shall accrue and be payable for the period of such extension.

2.5 Fees. Borrower shall pay to Bank the following:

(a) **Facility Fee.** None;

(b) **Success Fee.** Promptly upon the closing of one or more financing(s) after the Closing Date in which Borrower receives aggregate gross proceeds of at least \$25,000,000, Borrower shall pay Bank a one-time fee equal to (i) \$200,000, if such fee is paid on or before June 30, 2019 and (ii) \$300,000, if such fee is paid after June 30, 2019. Borrower's obligation to pay this fee shall survive termination of this Agreement.

(c) **Prepayment Fee.** The prepayment fee specified in Section 2.1(c)(iii), as applicable.

(d) **Bank Expenses.** On the Closing Date, all Bank Expenses incurred through the Closing Date, and, after the Closing Date, all Bank Expenses, as and when they become due.

2.6 Term. This Agreement shall become effective on the Closing Date and, subject to Section 12.7, shall continue in full force and effect for so long as any Obligations (other than inchoate indemnification or reimbursement obligations or other obligations which, by their terms, survive termination of this Agreement) remain outstanding or Bank has any obligation to make Credit Extensions under this Agreement. Notwithstanding the foregoing, Bank shall have the right in accordance with Section 9.1 to terminate its obligation to make Credit Extensions under this Agreement immediately and without notice upon the occurrence and during the continuance of an Event of Default.

3. CONDITIONS OF LOANS.

3.1 Conditions Precedent to Closing. The agreement of Bank to enter into this Agreement on the Closing Date is subject to the condition precedent that Bank shall have received, in form and substance satisfactory to Bank, each of the following items and completed each of the following requirements:

(a) this Agreement;

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- Agreement;
- (b) an officer's certificate of Borrower with respect to incumbency and resolutions authorizing the execution and delivery of this
- (c) a financing statement (Form UCC-1) for Borrower;
- with Bank;
- (d) payment of the fees and Bank Expenses then due specified in Section 2.5, which may be debited from any of Borrower's accounts
- Collateral;
- (e) current SOS Reports indicating that except for Permitted Liens, there are no other security interests or Liens of record in the
- (f) a payoff letter from Silicon Valley Bank;
- (g) current financial statements, including audited statements for Borrower's most recently ended fiscal year, together with an unqualified opinion (or an opinion qualified only for going concern so long as Borrower's investors provide additional equity as needed), company prepared consolidated balance sheets and income statements for the most recently ended month in accordance with Section 6.2, and such other updated financial information as Bank may reasonably request;
- (h) current Compliance Certificate in accordance with Section 6.2;
- (i) Borrower Information Certificate;
- (j) Borrower shall have opened and funded not less than \$50,000 in deposit accounts held with Bank; and
- (k) such other documents or certificates, and completion of such other matters, as Bank may reasonably request.

3.2 Conditions Precedent to all Credit Extensions. The obligation of Bank to make each Credit Extension, including the initial Credit Extension, is contingent upon Borrower's compliance with Section 3.1 above, and is further subject to the following conditions:

- (a) timely receipt by Bank of the Loan Advance/Paydown Request Form as provided in Section 2.1;
- (b) Borrower shall be in compliance with Section 6.6 hereof;
- (c) in Bank's sole but reasonable discretion, there has not been a Material Adverse Effect; and
- (d) the representations and warranties contained in Section 5 shall be true and correct in all material respects on and as of the date of such Loan Advance/Paydown Request Form and on the effective date of each Credit Extension as though made at and as of each such date, and no Event of Default shall have occurred and be continuing, or would immediately exist after giving effect to such Credit Extension (provided, however, that those

representations and warranties expressly referring to another date shall be true and correct in all material respects as of such date, and provided further that any representation or warranty that contains a materiality qualification therein shall be true and correct in all respects). The making of each Credit Extension shall be deemed to be a representation and warranty by Borrower on the date of such Credit Extension as to the accuracy of the facts referred to in this Section 3.2.

4. CREATION OF SECURITY INTEREST.

4.1 Grant of Security Interest. Borrower grants and pledges to Bank a continuing security interest in the Collateral to secure prompt repayment of any and all Obligations and to secure prompt performance by Borrower of each of its covenants and duties under the Loan Documents. Except for Permitted Liens or as disclosed in the Schedule, upon the filing of a financing statement in the jurisdiction of Borrower's incorporation, such security interest constitutes a valid, first priority security interest in the presently existing Collateral, and will constitute a valid, first priority security interest in later-acquired Collateral. Notwithstanding any termination of this Agreement or of any filings undertaken related to Bank's rights under the Code, Bank's Lien on the Collateral shall remain in effect for so long as any Obligations (other than inchoate indemnification or reimbursement obligations or other obligations which, by their terms, survive termination of this Agreement) are outstanding. Upon request by Borrower and payment in full in cash of the Obligations (other than inchoate indemnification or reimbursement obligations or other obligations which, by their terms, survive termination of this Agreement) and at such time as Bank's obligation to make Credit Extensions has terminated, Bank shall release its liens and interests in the Collateral and, at such time and from time to time thereafter, Bank shall take such actions as reasonably requested by Borrower in order to evidence the termination of such Liens (including filing UCC-3 or similar termination statements with respect to such Liens).

4.2 Perfection of Security Interest. Borrower authorizes Bank to file at any time financing statements, continuation statements, and amendments thereto that (i) either specifically describe the Collateral or describe the Collateral as all assets of Borrower of the kind pledged hereunder, and (ii) contain any other information required by the Code for the sufficiency of filing office acceptance of any financing statement, continuation statement, or amendment, including whether Borrower is an organization, the type of organization and any organizational identification number issued to Borrower, if applicable. Where Collateral is in possession of a third party bailee, Borrower shall take such commercially reasonable steps as Bank reasonably requests for Bank to (i) subject to Section 7.10 below, obtain an acknowledgment, in form and substance reasonably satisfactory to Bank, of the bailee that the bailee holds such Collateral for the benefit of Bank, and (ii) subject to Section 6.6, obtain "control" of any Collateral consisting of investment property, deposit accounts, letter-of-credit rights or electronic chattel paper (as such items and the term "control" are defined in Revised Article 9 of the Code) by causing the securities intermediary or depository institution or issuing bank to execute a control agreement in form and substance reasonably satisfactory to Bank. No Borrower will create any chattel paper without placing a legend on the chattel paper reasonably acceptable to Bank indicating that Bank has a security interest in the chattel paper. Borrower from time to time may deposit with Bank specific cash collateral to secure specific Obligations; Borrower authorizes Bank to hold such specific balances in pledge and to decline to honor any drafts thereon or any request by Borrower or any other Person to pay or otherwise transfer any

part of such balances for so long as the specific Obligations are outstanding. Borrower shall take such other actions as Bank reasonably requests to perfect its security interests granted under this Agreement.

5. REPRESENTATIONS AND WARRANTIES.

Borrower represents and warrants as follows:

5.1 Due Organization and Qualification. Borrower and each Subsidiary is duly existing under the laws of the state in which it is organized and qualified and licensed to do business in any state in which the conduct of its business or its ownership of property requires that it be so qualified, except where the failure to do so would not reasonably be expected to cause a Material Adverse Effect.

5.2 Due Authorization; No Conflict. The execution, delivery, and performance of the Loan Documents are within Borrower's powers, have been duly authorized, and are not in conflict with nor constitute a breach of any provision contained in Borrower's Certificate of Incorporation or Bylaws, nor will they constitute an event of default under any material agreement by which Borrower is bound. Borrower is not in default under any agreement by which it is bound, except to the extent such default would not reasonably be expected to cause a Material Adverse Effect.

5.3 Collateral. Borrower has rights in or the power to transfer the Collateral, and its title to the Collateral is free and clear of Liens, adverse claims, and restrictions on transfer or pledge except for Permitted Liens. Other than movable items of personal property such as laptop computers and inventory in transit, all tangible Collateral having an aggregate book value in excess of \$500,000, is located solely in the Collateral States or such other locations disclosed to Bank by Borrower in writing from time to time. All Inventory is in all material respects of good and merchantable quality, free from all material defects, except for Inventory for which adequate reserves have been made. Except as set forth in the Schedule or as permitted under Section 6.6, none of Borrower's Cash is maintained or invested with a Person other than Bank or Bank's affiliates.

5.4 Intellectual Property. Borrower is the sole owner of the intellectual property owned by Borrower, except for licenses granted to its customers in the ordinary course of business and over-the-counter software that is commercially available to the public. To Borrower's knowledge, each of the copyrights, trademarks and patents owned by Borrower and material to Borrower's business is valid and enforceable, and no part of the intellectual property owned by Borrower and material to Borrower's business has been judged invalid or unenforceable, in whole or in part, and no claim has been made in writing alleging to Borrower that any part of the intellectual property owned by Borrower violates the rights of any third party except to the extent such claim would not reasonably be expected to cause a Material Adverse Effect.

5.5 Name; Location of Chief Executive Office. Except as disclosed in the Schedule, Borrower has not done business under any name other than that specified on the signature page hereof, and its exact legal name is as set forth in the first paragraph of this Agreement. The chief executive office of Borrower is located at the address indicated in Section 10 hereof or such other location disclosed to Bank pursuant to Section 7.2.

5.6 Litigation. Except as set forth in the Schedule, there are no actions or proceedings pending by or against Borrower or any Subsidiary before any court or administrative agency in which a likely adverse decision would reasonably be expected to have a Material Adverse Effect.

5.7 No Material Adverse Change in Financial Statements. All consolidated and consolidating, if applicable, financial statements related to Borrower and any Subsidiary that are delivered to Bank fairly present in all material respects Borrower's consolidated and consolidating, if applicable, financial condition as of the date thereof and Borrower's consolidated and consolidating, if applicable, results of operations for the period then ended (subject, in the case of unaudited financials to the absence of footnotes and year-end audit adjustments). There has not been a material adverse change in the consolidated or in the consolidating, if applicable, financial condition of Borrower since the date of the most recent of such financial statements submitted to Bank by Borrower.

5.8 Solvency, Payment of Debts. Borrower is able to pay its debts (including trade debts) as they mature; the fair saleable value of Borrower's assets (including goodwill minus disposition costs) exceeds the fair value of its liabilities; and Borrower is not left with unreasonably small capital after the transactions contemplated by this Agreement.

5.9 Compliance with Laws and Regulations. Borrower and each Subsidiary have met the minimum funding requirements of ERISA with respect to any employee benefit plans subject to ERISA. No event has occurred resulting from Borrower's failure to comply with ERISA that would reasonably be expected to result in Borrower's incurring any liability that could have a Material Adverse Effect. No Borrower is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940. No Borrower is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations T and U of the Board of Governors of the Federal Reserve System). No Borrower has violated any statutes, laws, ordinances or rules applicable to it, the violation of which would reasonably be expected to have a Material Adverse Effect. Borrower and each Subsidiary have filed or caused to be filed all tax returns required to be filed by Borrower or such Subsidiary, and have paid, or have made adequate provision for the payment of, all taxes reflected therein except those being contested in good faith with adequate reserves under GAAP or where the failure to file such returns or pay such taxes would not reasonably be expected to have a Material Adverse Effect.

5.10 Investments. No Borrower owns any stock, partnership interest or other equity securities of any Person, except for Permitted Investments.

5.11 Government Consents. Borrower and each Subsidiary have obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all governmental authorities that are necessary for the continued operation of Borrower's business as currently conducted, except where the failure to do so would not reasonably be expected to cause a Material Adverse Effect.

5.12 Inbound Licenses. Except as disclosed on the Schedule or as disclosed to Bank pursuant to Section 6.9, Borrower is not a party to, nor is bound by, any material license or other similar agreement material to the conduct of Borrower's business that prohibits Borrower from granting a security interest in Borrower's interest in such license or agreement or any other property important for the conduct of Borrower's business, other than this Agreement or the other Loan Documents or commercial off-the-shelf software.

5.13 Full Disclosure. No representation, warranty or other statement made by Borrower in any certificate or written statement furnished to Bank in connection with the Loan Documents taken together with all such certificates and written statements furnished to Bank contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained in such certificates or statements not materially misleading in light of the circumstances in which they were made, it being recognized by Bank that the projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not to be viewed as facts and that actual results during the period or periods covered by any such projections and forecasts may materially differ from the projected or forecasted results.

6. AFFIRMATIVE COVENANTS.

Borrower shall do all of the following:

6.1 Good Standing and Government Compliance. Borrower shall maintain its and (except as permitted under Section 7.3) each of its Subsidiaries' corporate existence and good standing in the respective states of formation, shall maintain qualification and good standing in each other jurisdiction in which the failure to so qualify would reasonably be expected to have a Material Adverse Effect, and shall furnish to Bank the organizational identification number issued to Borrower by the authorities of the state in which Borrower is organized, if applicable. Borrower shall meet, and shall cause each Subsidiary to meet, the minimum funding requirements of ERISA with respect to any employee benefit plans subject to ERISA. Borrower shall comply, and shall cause each Subsidiary to comply, with all statutes, laws, ordinances and government rules and regulations to which it is subject, and shall maintain, and shall cause each of its Subsidiaries to maintain, in force all licenses, approvals and agreements, in each case, the loss of which or failure to comply with which would reasonably be expected to have a Material Adverse Effect.

6.2 Financial Statements, Reports, Certificates, Collateral Audits.

(a) Borrower shall deliver to Bank: (i) as soon as available, but in any event within 30 days after the end of each calendar month, a company prepared consolidated balance sheet, income statement, and agings covering Borrower's operations during such period, in a form reasonably acceptable to Bank and certified by a Responsible Officer; (ii) as soon as available, but in any event within 180 days after the end of Borrower's fiscal year, audited consolidated financial statements of Borrower prepared in accordance with GAAP, consistently

applied, together with an opinion which is either unqualified, qualified only for going concern related to Borrower's liquidity position or otherwise consented to in writing by Bank on such financial statements of Ernst & Young, any "Big Four" accounting firm or any other independent certified public accounting firm reasonably acceptable to Bank; (iii) annual budget approved by Borrower's Board of Directors as soon as available but not later than the earlier to occur of (a) 90 days after the end of each fiscal year and (b) 15 days after approval by the Board of Directors; (iv) copies of all statements, reports and notices sent or made available generally by Borrower to its security holders or to any holders of Subordinated Debt and all reports on Forms 10-K and 10-Q filed with the Securities and Exchange Commission, including Borrower's quarterly financial statements in connection with Form 10-Q (documents filed with the SEC and required to be delivered pursuant to the terms of this clause may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which Borrower provides a link thereto, on Borrower's website on the internet at Borrower's website address); (v) promptly upon receipt of notice thereof, a report of any legal actions pending or threatened in writing against Borrower or any Subsidiary in which a likely adverse decision would reasonably be expected to have a Material Adverse Effect; (vi) within 45 days after the end of each calendar quarter, strategic business updates, (vii) promptly upon receipt by Borrower, each management letter prepared by Borrower's independent certified public accounting firm regarding Borrower's management control systems; (viii) such budgets, sales projections, operating plans or other financial information generally prepared by Borrower in the ordinary course of its business as Bank may reasonably request from time to time.

(b) Within 30 days after the last day of each month, Borrower shall deliver to Bank with the monthly financial statements a Compliance Certificate certified as of the last day of the applicable month and signed by a Responsible Officer in substantially the form of Exhibit D hereto.

(c) As soon as possible and in any event within 3 Business Days after becoming aware of the occurrence or existence of an Event of Default hereunder, a written statement of a Responsible Officer setting forth details of the Event of Default, and the action which Borrower has taken or proposes to take with respect thereto.

(d) Bank (through any of its officers, employees, or agents) shall have the right, upon reasonable prior notice, from time to time at reasonable times during Borrower's usual business hours but no more than once a year (unless an Event of Default has occurred and is continuing), to inspect Borrower's Books and to make copies thereof and to check, test, inspect, audit and appraise the Collateral at Borrower's expense in order to verify Borrower's financial condition or the amount, condition of, or any other matter relating to, the Collateral.

Borrower may deliver to Bank on an electronic basis any certificates, reports or information required pursuant to this Section 6.2, and Bank shall be entitled to rely on the information contained in the electronic files, provided that Bank in good faith believes that the files were delivered by a Responsible Officer. Borrower shall include a submission date on any certificates and reports to be delivered electronically.

6.3 Inventory and Equipment; Returns. Borrower shall keep all Inventory and Equipment in good and merchantable condition (ordinary wear and tear and casualty damage excepted), free from all material defects except for Inventory and Equipment (i) sold in the ordinary course of business, and (ii) for which adequate reserves have been made, in all cases in the United States and such other locations as to which Borrower gives prior written notice. Returns and allowances, if any, as between Borrower and its account debtors shall be on the same basis and in accordance with the usual customary practices of Borrower, as they exist on the Closing Date, or as is standard in the industry. Borrower shall promptly notify Bank of all returns and recoveries and of all written disputes and claims involving inventory having a book value of more than \$500,000.

6.4 Taxes. Borrower shall make, and cause each Subsidiary to make, due and timely payment or deposit of all material federal, state, and local taxes, assessments, or contributions required of it by law, including, but not limited to, those laws concerning income taxes, F.I.C.A., F.U.T.A. and state disability, and will execute and deliver to Bank, on demand, proof reasonably satisfactory to Bank indicating that Borrower or a Subsidiary has made such payments or deposits and any appropriate certificates attesting to the payment or deposit thereof; provided that Borrower or a Subsidiary need not make any payment if the amount or validity of such payment is contested in good faith by appropriate proceedings and is reserved against (to the extent required by GAAP) by Borrower or such Subsidiary.

6.5 Insurance. Borrower, at its expense, shall (i) keep the Collateral insured against loss or damage, and (ii) maintain liability and other insurance, in each case as customarily insured against by other owners in businesses similar to Borrower's. Not later than thirty (30) days after the Closing Date, Borrower shall cause all such policies of insurance to be in such form, with such companies, and in such amounts as reasonably satisfactory to Bank, with all policies of property insurance containing a lender's loss payable endorsement, in a form reasonably satisfactory to Bank, showing Bank as lender's loss payee and all liability insurance policies to show, or have endorsements showing, Bank as an additional insured. Any such insurance policies shall specify that the insurer must give at least 20 days notice to Bank before canceling its policy for any reason (or 10 days notice in the event of cancellation for non-payment). Within 30 days of the Closing Date, Borrower shall cause to be furnished to Bank certificates of insurance and a copy of its policies including any endorsements covering Bank or showing Bank as an additional insured. Upon Bank's reasonable request, Borrower shall deliver to Bank certified copies of the policies of insurance and evidence of all premium payments. Proceeds payable under any casualty policy will, at Borrower's option, be payable to Borrower to repair or replace the property subject to the claim, provided that any such repaired or replacement property shall be deemed Collateral in which Bank has been granted a first priority security interest (subject to Permitted Liens), provided that if an Event of Default has occurred and is continuing, all proceeds payable under any such policy shall, at Bank's option, be payable to Bank to be applied on account of the Obligations.

6.6 Primary Depository. Subject to the provisions of Section 3.1(j), within 30 days of the Closing Date, Borrower shall maintain, and shall cause all of its Subsidiaries to maintain, all depository and operating accounts with Bank and all investment accounts with Bank or Bank's affiliates; provided that prior to Borrower maintaining any investment accounts with Bank's affiliates, Borrower, Bank, and any such affiliate shall have entered into a securities account control agreement with respect to any such investment accounts, in form and substance reasonably satisfactory to Bank. Notwithstanding the above, Borrower and its Subsidiaries shall

be permitted to maintain an aggregate amount of cash in one or more accounts outside of Bank or its affiliates, without an account control agreement, as follows: (i) up to \$10,000,000 from the date that is 31 days after the Closing Date through the date that is 60 days after the Closing Date; (ii) up to \$5,000,000 from the date that is 61 days after the Closing Date through the date that is 90 days after the Closing Date; and (iii) up to \$100,000 at all times thereafter.

6.7 Massachusetts Security Corporation. As long as (i) APSC remains a Massachusetts Security Corporation, (ii) Borrower maintains Cash in accounts with Bank with a balance not less than 120% of the outstanding principal owing under this Agreement, and (iii) APSC maintains all its investment and depository accounts with Bank, Borrower may invest cash in excess of that 120% minimum in APSC.

6.8 Financial Covenants. None.

6.9 Consent of Inbound Licensors. Within thirty (30) days of entering into or becoming bound by any material inbound license or similar agreement, Borrower shall: (i) provide written notice to Bank of the material terms of such license or agreement with a description of its likely impact on Borrower's business or financial condition; and (ii) at Bank's reasonable request, in good faith use commercially reasonable efforts to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for Borrower's interest in such licenses or contract rights to be deemed Collateral and for Bank to have a security interest in it that would reasonably be expected to otherwise be restricted by the terms of the applicable license or agreement, whether now existing or entered into in the future, provided, however, that the failure to obtain any such consent or waiver shall not constitute a default under this Agreement; provided, further, however, that, for the avoidance of doubt and notwithstanding anything in this Section 6.9 or in this Agreement to contrary, Borrower shall not be required to take any efforts to obtain consents or waivers from licensors in connection with licenses existing on the Closing Date and disclosed to Bank.

6.10 Creation/Acquisition of Subsidiaries. In the event Borrower creates or acquires any Subsidiary (other than APSC), Borrower shall promptly notify Bank of such creation or acquisition, and Borrower shall take all actions reasonably requested by Bank to achieve any of the following with respect to such "*New Subsidiary*" (defined as a Subsidiary formed after the date hereof during the term of this Agreement): (i) to cause New Subsidiary to become either a co-Borrower hereunder, if such New Subsidiary is organized under the laws of the United States, or a secured guarantor with respect to the Obligations; and (ii) to grant and pledge to Bank a perfected security interest in 100% of the stock, units or other evidence of ownership held by Borrower or its Subsidiaries of any such New Subsidiary which is organized under the laws of the United States, and 65% of the stock, units or other evidence of ownership held by Borrower or its Subsidiaries of any such New Subsidiary which is not organized under the laws of the United States

6.11 Further Assurances. At any time and from time to time Borrower shall execute and deliver such further instruments and take such further action as may reasonably be requested by Bank to effect the purposes of this Agreement.

7. NEGATIVE COVENANTS.

Borrower will not do any of the following:

7.1 Dispositions. Convey, sell, lease, license, transfer or otherwise dispose of (collectively, to "Transfer"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, or move cash balances on deposit with Bank to accounts opened at another financial institution, other than Permitted Transfers.

7.2 Change in Name, Location, Executive Office, or Executive Management; Change in Business; Change in Fiscal Year; Change in Control. Change its name or the state of Borrower's formation or relocate its chief executive office without 10 days prior written notification to Bank; replace or suffer the departure of its chief executive officer or chief financial officer without delivering written notification to Bank within 10 Business Days; fail to appoint an interim replacement or fill a vacancy in the position of chief executive officer or chief financial officer for more than 60 consecutive days; take action to liquidate, wind up, or otherwise cease to conduct business in the ordinary course; engage in any business, or permit any of its Subsidiaries to engage in any business, other than or reasonably related or incidental to the businesses currently engaged in by Borrower; change its fiscal year end; have a Change in Control.

7.3 Mergers or Acquisitions. Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with or into any other business organization (other than mergers or consolidations of a Subsidiary into another Subsidiary or into Borrower), or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock or property of another Person except where (a) each of the following conditions is applicable: (i) the consideration paid in connection with such transactions (including assumption of liabilities) does not in the aggregate exceed \$500,000 during any fiscal year, (ii) no Event of Default has occurred, is continuing or would exist immediately after giving effect to such transactions, (iii) such transactions do not result in a Change in Control, and (iv) in transactions involving Borrower, Borrower is the surviving entity; or (b) the outstanding Obligations (other than inchoate indemnification or reimbursement obligations or other obligations which, by their terms, survive termination of this Agreement) are repaid in full concurrently with the closing of any merger or consolidation of Borrower in which Borrower is not the surviving entity; provided, however, that Borrower shall not, without Bank's prior written consent, enter into any binding contractual arrangement with any Person to attempt to facilitate a merger or acquisition of Borrower, unless (i) [Reserved], (ii) [Reserved], and (iii) Borrower notifies Bank within thirty 30 days of entering into such an agreement (provided, the failure to give such notification shall not be deemed a material breach of this Agreement).

7.4 Indebtedness. Create, incur, assume, guarantee or be or remain liable with respect to any Indebtedness, or permit any Subsidiary so to do, other than Permitted Indebtedness, or prepay any Indebtedness or take any actions which impose on Borrower an obligation to prepay any Indebtedness, except Indebtedness to Bank.

7.5 Encumbrances. Create, incur, assume or allow any Lien with respect to its property, or assign or otherwise convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries so to do, in each case, except for Permitted Liens, or covenant to any other Person (other than (i) the licensors of in-licensed property with respect to

such property or (ii) the lessors of specific equipment or lenders financing specific equipment with respect to such leased or financed equipment) that Borrower in the future will refrain from creating, incurring, assuming or allowing any Lien with respect to any of Borrower's property.

7.6 Distributions. Pay any dividends or make any other distribution or payment on account of or in redemption, retirement or purchase of any capital stock, except that Borrower may (i) repurchase the stock of current or former employees or directors pursuant to stock repurchase agreements in an aggregate amount not to exceed \$350,000 in any fiscal year, as long as an Event of Default does not exist prior to such repurchase or would not exist after giving effect to such repurchase, (ii) repurchase the stock of current or former employees or directors pursuant to stock repurchase agreements by the cancellation of indebtedness owed by such former employees or directors to Borrower regardless of whether an Event of Default exists, (iii) convert any of its convertible securities or Subordinated Debt into other securities in accordance with the terms of such convertible securities or Subordinated Debt, (iv) pay dividends solely in capital stock, (v) purchase fractional shares of capital stock arising out of stock dividends, splits or combinations.

7.7 Investments. Directly or indirectly acquire or own an Investment in, or make any Investment in or to any Person, or permit any of its Subsidiaries (other than APSC) so to do, other than Permitted Investments, or, from the date that is thirty (30) days after the Closing Date, maintain or invest any of its investment property with a Person other than Bank or permit any Subsidiary to do so unless such Person has entered into a control agreement with Bank, in form and substance reasonably satisfactory to Bank, or suffer or permit any Subsidiary to be a party to, or be bound by, an agreement that restricts such Subsidiary from paying dividends or otherwise distributing property to Borrower (other than the Loan Documents or any documents governing Subordinated Debt).

7.8 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower except for (i) transactions that are in the ordinary course of Borrower's business, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a non-affiliated Person, (ii) the sale of Borrower's equity securities in bona fide transactions with or the incurrence of Subordinated Debt to Borrower's existing investors that do not result in a Change in Control, (iii) transactions permitted pursuant to Section 7.3, (iv) Permitted Transfers, Permitted Indebtedness and Permitted Investments, (v) reasonable and customary director, officer and employee compensation (including bonuses) and other benefits (including retirement, health, stock option and other benefit plans and indemnification arrangements approved by the relevant board of directors or equivalent corporate body), (vi) transactions with Alcresta, Inc. in the ordinary course of business or approved by the Board.

7.9 Subordinated Debt. Make any payment in respect of any Subordinated Debt, or permit any of its Subsidiaries to make any such payment, except in compliance with the terms of such Subordinated Debt, or amend any provision affecting Bank's rights contained in any documentation relating to the Subordinated Debt.

7.10 Inventory and Equipment. Store the Inventory or the Equipment of a book value in excess of \$500,000 with a bailee, warehouseman, collocation facility or similar third party unless the third party has been notified of Bank's security interest and Bank (a) has received an acknowledgment from the third party that it is holding or will hold the Inventory or Equipment for Bank's benefit or (b) is in possession of the warehouse receipt, where negotiable, covering such Inventory or Equipment. Except for Inventory sold in the ordinary course of business and for movable items of personal property in the possession of Borrower's employees or agents, and except for such other locations as Bank may approve in writing, Borrower shall keep the Inventory and Equipment only at the location set forth in Section 10 and such other locations of which Borrower gives Bank prior written notice and as to which Bank is able to take such actions as may be necessary needed to perfect its security interest or to obtain a bailee's acknowledgment of Bank's rights in the Collateral.

7.11 No Investment Company; Margin Regulation. Become or be controlled by an "investment company," within the meaning of the Investment Company Act of 1940, or become principally engaged in, or undertake as one of its important activities, the business of extending credit for the purpose of purchasing or carrying margin stock, or use the proceeds of any Credit Extension for such purpose.

8. EVENTS OF DEFAULT.

Any one or more of the following events shall constitute an Event of Default by Borrower under this Agreement:

8.1 Payment Default. If Borrower fails to (a) make any payment of principal or interest on any Credit Extension when due or (b) pay any of the Obligations within three (3) Business Days of the date when due. During this three (3) Business Day cure period, the failure to make or pay any payment specified under clause (b) hereunder is not an Event of Default (but no Credit Extension will be made during the cure period);

8.2 Covenant Default.

(a) If Borrower fails to perform any obligation under Sections 6.2 (financial reporting), 6.4 (taxes), 6.5 (insurance), or 6.6 (primary accounts), or violates any of the covenants contained in Article 7 of this Agreement; or

(b) If Borrower fails or neglects to perform or observe any other material term, provision, condition, covenant contained in this Agreement, in any of the Loan Documents, or in any other present or future agreement between Borrower and Bank and as to any default under such other term, provision, condition or covenant that can be cured, has failed to cure such default within 10 days after Borrower receives notice thereof or any officer of Borrower becomes aware thereof; provided, however, that if the default cannot by its nature be cured within the 10 day period or cannot after diligent attempts by Borrower be cured within such 10 day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional reasonable period (which shall not in any case exceed 30 days) to attempt to cure such default, and within such reasonable time period the failure to have cured such default shall not be deemed an Event of Default but no Credit Extensions will be made;

8.3 Material Adverse Effect. If there occurs any Material Adverse Effect;

8.4 Attachment. If any material portion of Borrower's assets is attached, seized, subjected to a writ or distress warrant, or is levied upon, or comes into the possession of any trustee, receiver or person acting in a similar capacity and such attachment, seizure, writ or distress warrant or levy has not been removed, discharged or rescinded within 30 days, or if Borrower is enjoined, restrained, or in any way prevented by court order from continuing to conduct all or any material part of its business affairs, or if a judgment or other claim becomes a lien or encumbrance upon any material portion of Borrower's assets, or if a notice of lien, levy, or assessment is filed of record with respect to any material portion of Borrower's assets by the United States Government, or any department, agency, or instrumentality thereof, or by any state, county, municipal, or governmental agency, and the same is not paid within 30 days after Borrower receives notice thereof, provided that none of the foregoing shall constitute an Event of Default where such action or event is stayed or an adequate bond has been posted pending a good faith contest by Borrower (provided that no Credit Extensions will be made during such cure period);

8.5 Insolvency. If Borrower becomes insolvent, or if an Insolvency Proceeding is commenced by Borrower, or if an Insolvency Proceeding is commenced against Borrower and is not dismissed or stayed within 45 days (provided that no Credit Extensions will be made prior to the dismissal of such Insolvency Proceeding);

8.6 Other Agreements. If (a) there is a default or other failure to perform in any agreement to which Borrower is a party with a third party or parties (i) resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount in excess of \$500,000, (ii) in connection with any lease of real property material to the conduct of Borrower's business, if such default or failure to perform results in the right of another party to terminate such lease, or (iii) that would reasonably be expected to have a Material Adverse Effect;

8.7 Judgments. If a final, uninsured judgment or judgments for the payment of money in an amount, individually or in the aggregate, of at least \$500,000 shall be rendered against Borrower and shall remain unsatisfied and unstayed for a period of 10 days (provided that no Credit Extensions will be made prior to the satisfaction or stay of the judgment); or

8.8 Misrepresentations. If any material misrepresentation or material misstatement exists now or hereafter in any warranty or representation set forth herein or in any certificate delivered to Bank by any Responsible Officer pursuant to this Agreement or to induce Bank to enter into this Agreement or any other Loan Document when made or deemed made.

9. BANK'S RIGHTS AND REMEDIES.

9.1 Rights and Remedies. Upon the occurrence and during the continuance of an Event of Default, Bank may, at its election, without notice of its election and without demand, do any one or more of the following, in accordance with applicable law, all of which are authorized by Borrower:

(a) Declare all Obligations, whether evidenced by this Agreement, by any of the other Loan Documents, or otherwise, immediately due and payable (provided that upon the occurrence of an Event of Default described in Section 8.5 (insolvency), all Obligations shall become immediately due and payable without any action by Bank);

(b) Demand that Borrower (i) deposit cash with Bank in an amount equal to the amount of any Credit Card Services remaining undrawn, as collateral security for the repayment of any future drawings under such Credit Card Services, and (ii) pay in advance all fees scheduled to be paid or payable in connection with such Credit Card Services, and Borrower shall promptly deposit and pay such amounts;

(c) Cease advancing money or extending credit to or for the benefit of Borrower under this Agreement or under any other agreement between Borrower and Bank;

(d) Settle or adjust disputes and claims directly with account debtors for amounts, upon terms and in whatever order that Bank reasonably considers advisable;

(e) Make such payments and do such acts as Bank considers necessary or reasonable to protect its security interest in the Collateral. Borrower shall assemble the Collateral if Bank so requires, and to make the Collateral available to Bank as Bank may designate which is reasonably convenient to Borrower and Bank. Borrower authorizes Bank to enter the premises where the Collateral is located, to take and maintain possession of the Collateral, or any part of it, and to pay, purchase, contest, or compromise any encumbrance, charge, or lien which in Bank's determination appears to be prior or superior to its security interest and to pay all expenses incurred in connection therewith. With respect to any of Borrower's owned premises, Borrower grants Bank a license to enter into possession of such premises and to occupy the same, without charge, by Borrower in order to exercise any of Bank's rights or remedies provided herein, at law, in equity, or otherwise;

(f) place a "hold" on any account of Borrower (other than any payroll, trust or escrow account) maintained with Bank and/or deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any control agreement or similar agreements providing control of any Collateral;

(g) Set off and apply to the Obligations then due any and all (i) balances and deposits of Borrower held by Bank, and (ii) indebtedness at any time owing to or for the credit or the account of Borrower held by Bank;

(h) Ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell (in the manner provided for herein) the Collateral. Bank is granted a license or other right, solely pursuant to the provisions of this Section, to use, without charge, Borrower's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks, service marks, and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Bank's exercise of its rights under this Section, Borrower's rights under all licenses and all franchise agreements shall inure to Bank's benefit;

(i) Dispose of the Collateral at either a public or private sale, or both, by way of one or more contracts or transactions, for cash or on terms, in such manner and at such places (including Borrower's premises) as Bank determines is commercially reasonable, and

apply any proceeds to the Obligations in whatever manner or order Bank deems appropriate. Bank may sell the Collateral without giving any warranties as to the Collateral. Bank may disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. If Bank sells any of the Collateral upon credit, Borrower will be credited only with payments actually made by the purchaser, received by Bank, and applied to the indebtedness of the purchaser. If the purchaser fails to pay for the Collateral, Bank may resell the Collateral and Borrower shall be credited with the proceeds of the sale;

(j) Bank may credit bid and purchase at any public sale;

(k) Apply for the appointment of a receiver, trustee, liquidator or conservator of the Collateral, without notice and without regard to the adequacy of the security for the Obligations and without regard to the solvency of Borrower, any guarantor or any other Person liable for any of the Obligations; and

(l) Any deficiency that exists after disposition of the Collateral as provided above will be paid immediately by Borrower.

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

9.2 Power of Attorney. Effective only upon the occurrence and during the continuance of an Event of Default, Borrower irrevocably appoints Bank (and any of Bank's designated officers, or employees) as Borrower's true and lawful attorney to: (a) send requests for verification of Accounts or notify account debtors of Bank's security interest in the Accounts; (b) endorse Borrower's name on any checks or other forms of payment or security that may come into Bank's possession; (c) sign Borrower's name on any invoice or bill of lading relating to any Account, drafts against account debtors, schedules and assignments of Accounts, verifications of Accounts, and notices to account debtors; (d) dispose of any Collateral; (e) make, settle, and adjust all claims under and decisions with respect to Borrower's policies of insurance; (f) settle and adjust disputes and claims respecting the accounts directly with account debtors, for amounts and upon terms which Bank determines to be reasonable; and (g) file, in its sole discretion, one or more financing or continuation statements and amendments thereto, relative to any of the Collateral; provided Bank may exercise such power of attorney to sign the name of Borrower on any of the documents described in clause (g) above, regardless of whether an Event of Default has occurred. The appointment of Bank as Borrower's attorney in fact, and each and every one of Bank's rights and powers, being coupled with an interest, is irrevocable until all of the Obligations (other than inchoate indemnification or reimbursement obligations or other obligations which, by their terms, survive termination of this Agreement) have been fully repaid and performed and Bank's obligation to provide advances hereunder is terminated.

9.3 Accounts Collection. At any time after the occurrence and during the continuation of an Event of Default, Bank may notify any Person owing funds to Borrower of Bank's security interest in such funds and verify the amount of such Account. After the occurrence and during the continuance of an Event of Default, Borrower shall collect all amounts

owing to Borrower for Bank, receive in trust all payments as Bank's trustee, and immediately deliver such payments to Bank in their original form as received from the account debtor, with proper endorsements for deposit.

9.4 Bank Expenses. If Borrower fails to timely pay any amounts or furnish any required proof of payment due to third persons or entities, as required under the terms of this Agreement, then Bank may do any or all of the following after reasonable notice to Borrower: (a) make payment of the same or any part thereof; or (b) obtain and maintain insurance policies of the type discussed in Section 6.5 of this Agreement, and take any action with respect to such policies as Bank reasonably deems prudent. Any amounts so paid or deposited by Bank shall constitute Bank Expenses, shall be immediately due and payable, and shall bear interest at the then applicable rate hereinabove provided, and shall be secured by the Collateral. Any payments made by Bank shall not constitute an agreement by Bank to make similar payments in the future or a waiver by Bank of any Event of Default under this Agreement.

9.5 Bank's Liability for Collateral. Bank has no obligation to clean up or otherwise prepare the Collateral for sale. All risk of loss, damage or destruction of the Collateral shall be borne by Borrower.

9.6 No Obligation to Pursue Others. Bank has no obligation to attempt to satisfy the Obligations by collecting them from any other person liable for them and Bank may release, modify or waive any collateral provided by any other Person to secure any of the Obligations, all without affecting Bank's rights against Borrower. Borrower waives any right it may have to require Bank to pursue any other Person for any of the Obligations.

9.7 Remedies Cumulative. Bank's rights and remedies under this Agreement, the Loan Documents, and all other agreements shall be cumulative. Bank shall have all other rights and remedies not inconsistent herewith as provided under the Code, by law, or in equity. No exercise by Bank of one right or remedy shall be deemed an election, and no waiver by Bank of any Event of Default on Borrower's part shall be deemed a continuing waiver. No delay by Bank shall constitute a waiver, election, or acquiescence by it. No waiver by Bank shall be effective unless made in a written document signed on behalf of Bank and then shall be effective only in the specific instance and for the specific purpose for which it was given. This Section 9.7 may not be waived or modified by Bank by course of performance, conduct, estoppel or otherwise.

9.8 Demand; Protest. Except as otherwise provided in this Agreement, Borrower waives demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment and any other notices relating to the Obligations.

10. NOTICES.

Unless otherwise provided in this Agreement, all notices or demands by any party relating to this Agreement or any other agreement entered into in connection herewith shall be in writing and (except for financial statements and other reporting required pursuant to Section 6.2 of this Agreement, which shall be sent as directed in the monthly reporting forms provided by Bank) shall be personally delivered or sent by a recognized overnight delivery service, certified mail, postage prepaid, return receipt requested, or by telefacsimile or electronic mail to Borrower or to Bank, as the case may be, at its addresses set forth below:

If to Borrower: ALLENA PHARMACEUTICALS, INC.
One Newton Executive Park, Suite 202
Newton, MA 02462
Attn: Edward Wholihan

E-Mail: ewholihan@allenapharma.com

If to Bank: Pacific Western Bank
406 Blackwell Street, Suite 240
Durham, North Carolina 27701
Attn: Loan Operations Manager
FAX: (919) 314-3080

E-Mail: loannotices@square1bank.com

with a copy to: Pacific Western Bank
131 Oliver Street, Suite 250
Boston, MA 02110

Attn: Scott Hansen
E-Mail: shansen@square1bank.com

The parties hereto may change the address at which they are to receive notices hereunder, by notice in writing in the foregoing manner given to the other.

11. CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER.

This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of North Carolina, without regard to principles of conflicts of law. Jurisdiction shall lie in the State of North Carolina. All disputes, controversies, claims, actions and similar proceedings arising with respect to Borrower's account or any related agreement or transaction shall be brought in the General Court of Justice of North Carolina sitting in Durham County, North Carolina or the United States District Court for the Middle District of North Carolina, except as provided below with respect to arbitration of such matters. BANK AND BORROWER EACH ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED. EACH OF THEM, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT, WITH COUNSEL OF THEIR CHOICE, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY RELATED INSTRUMENT OR LOAN DOCUMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN), OR ACTION OF ANY OF THEM. THESE PROVISIONS SHALL NOT BE DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED

BY BANK OR BORROWER, EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY EACH OF THEM. If the jury waiver set forth in this Section 11 is not enforceable, then any dispute, controversy, claim, action or similar proceeding arising out of or relating to this Agreement, the Loan Documents or any of the transactions contemplated therein shall be settled by final and binding arbitration held in Durham County, North Carolina in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association by one arbitrator appointed in accordance with those rules. The arbitrator shall apply North Carolina law to the resolution of any dispute, without reference to rules of conflicts of law or rules of statutory arbitration. Judgment upon any award resulting from arbitration may be entered into and enforced by any state or federal court having jurisdiction thereof. Notwithstanding the foregoing, the parties may apply to any court of competent jurisdiction for preliminary or interim equitable relief, or to compel arbitration in accordance with this Section. The costs and expenses of the arbitration, including without limitation, the arbitrator's fees and expert witness fees, and reasonable attorneys' fees, incurred by the parties to the arbitration may be awarded to the prevailing party, in the discretion of the arbitrator, or may be apportioned between the parties in any manner deemed appropriate by the arbitrator. Unless and until the arbitrator decides that one party is to pay for all (or a share) of such costs and expenses, both parties shall share equally in the payment of the arbitrator's fees as and when billed by the arbitrator.

12. GENERAL PROVISIONS.

12.1 Successors and Assigns. This Agreement shall bind and inure to the benefit of the respective successors and permitted assigns of each of the parties and shall bind all persons who become bound as a debtor to this Agreement; provided, however, that neither this Agreement nor any rights hereunder may be assigned by Borrower without Bank's prior written consent, which consent may be granted or withheld in Bank's sole discretion. Bank shall have the right without the consent of or notice to Borrower to sell, assign, transfer, negotiate, or grant participation in all or any part of, or any interest in, Bank's obligations, rights and benefits hereunder. Notwithstanding the foregoing, unless an Event of Default shall have occurred and be continuing, Bank shall not assign the Agreement or sell a participation therein to any vulture hedge fund or director competitor of Borrower.

12.2 Indemnification. Borrower shall defend, indemnify and hold harmless Bank and its officers, directors, employees, affiliates, advisors and agents against: (a) all obligations, demands, claims, and liabilities claimed or asserted by any other party in connection with the transactions contemplated by this Agreement; and (b) all losses or Bank Expenses in any way suffered, incurred, or paid by Bank, its officers, employees and agents as a result of or in any way arising out of, following, or consequential to transactions between Bank and Borrower whether under this Agreement (including without limitation reasonable documented out-of-pocket attorneys fees and expenses), except, in each case, for claims, losses, obligations or liabilities caused by Bank's gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and non-appealable order.

12.3 Time of Essence. Time is of the essence for the performance of all obligations set forth in this Agreement.

12.4 Severability of Provisions. Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

12.5 Amendments in Writing, Integration. All amendments to or terminations of this Agreement or the other Loan Documents must be in writing. All prior agreements, understandings, representations, warranties, and negotiations between the parties hereto with respect to the subject matter of this Agreement and the other Loan Documents, if any, are merged into this Agreement and the Loan Documents.

12.6 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Executed copies of the signature pages of this Agreement sent by facsimile or transmitted electronically in Portable Document Format (“PDF”), or any similar format, shall be treated as originals, fully binding and with full legal force and effect, and the parties waive any rights they may have to object to such treatment.

12.7 Survival. All covenants, representations and warranties made in this Agreement shall continue in full force and effect so long as any Obligations (other than inchoate indemnification or reimbursement obligations or other obligations which, by their terms, survive termination of this Agreement) remain outstanding or Bank has any obligation to make any Credit Extension to Borrower. The obligations of Borrower to indemnify Bank with respect to the expenses, damages, losses, costs and liabilities described in Section 12.2 shall survive until all applicable statute of limitations periods with respect to actions that may be brought against Bank have run.

12.8 Confidentiality and Publicity.

(a) In handling any confidential information, Bank and all employees and agents of Bank shall exercise commercially reasonable efforts to maintain in confidence, in accordance with its customary procedures for handling confidential information, all non-public information furnished to Bank (“Confidential Information”) other than any such Confidential Information that becomes generally available to the public (other than through disclosure by Bank in violation of this Section 12.8) or becomes available to the Bank from a source other than Borrower and that is not known to Bank to be subject to confidentiality obligations; provided, that Bank and its Affiliates shall have the right to disclose Confidential Information to: (i) such Person’s Affiliates (provided that the applicable Affiliate agrees to the terms of this Section 12.8); (ii) such Person or such Person’s Affiliates’ lenders, funding sources, or financing sources; (iii) such Person’s or such Person’s Affiliates’ directors, officers, trustees, partners, members, managers, employees, agents, advisors, representatives, attorneys, equity owners, professional consultants, portfolio management services and rating agencies; (iv) any successor or assign of Bank; (v) any Person to whom Bank offers to sell, assign or transfer any Credit Extension or any part thereof or any interest or participation therein (provided that any such Person shall have entered into an agreement containing confidentiality provisions no less restrictive than the provisions of this Section 12.8 and Bank shall have delivered a copy to Borrower); (vi) any Person that provides statistical analysis and/or information services to Bank or its Affiliates; and

(vii) any Person (A) to the extent required by it by law, (B) as may be required in connection with the examination, audit, or similar investigation of Bank, (C) in response to any subpoena or other legal process or informal investigative demand, (D) in connection with any litigation, or (E) in connection with the actual or potential exercise or enforcement of any right or remedy under any Loan Document. The obligations of Bank and its Affiliates under this Section shall supersede and replace any other confidentiality obligations agreed to by Bank or its Affiliates.

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

ALLENA PHARMACEUTICALS, INC.

By: /s/ Edward Wholihan

Name: Edward Wholihan

Title: CFO

PACIFIC WESTERN BANK

By: /s/ Scott Hansen

Name: Scott Hansen

Title: Senior Vice President

EXHIBIT A

DEFINITIONS

“Accounts” means all presently existing and hereafter arising accounts, contract rights, payment intangibles and all other forms of obligations owing to Borrower arising out of the sale or lease of goods (including, without limitation, the licensing of software and other technology) or the rendering of services by Borrower and any and all credit insurance, guaranties, and other security therefore, as well as all merchandise returned to or reclaimed by Borrower and Borrower’s Books relating to any of the foregoing.

“Affiliate” means, with respect to any Person, any Person that owns or controls directly or indirectly such Person, any Person that controls or is controlled by or is under common control with such Person, and each of such Person’s senior executive officers, directors, and general partners.

“APSC” means Allena Pharmaceuticals Security Corporation.

“Authorized Officer” means someone designated as such in the corporate resolution provided by Borrower to Bank in which this Agreement and the transactions contemplated hereunder are authorized by Borrower’s board of directors. If Borrower provides subsequent corporate resolutions to Bank after the Closing Date, the individual(s) designated as “Authorized Officer(s)” in the most recently provided resolution shall be the only “Authorized Officers” for purposes of this Agreement.

“Availability End Date” means December 31, 2019, provided that from and after the Equity Event, Availability End Date shall mean June 30, 2020.

“Bank Expenses” means all reasonable and documented costs or expenses (including reasonable and documented attorneys’ fees and expenses, whether generated by in-house or by outside counsel) incurred in connection with the preparation, negotiation, administration, and enforcement of the Loan Documents; reasonable Collateral audit fees; and Bank’s reasonable attorneys’ fees and expenses (whether generated in-house or by outside counsel) incurred in amending, enforcing or defending the Loan Documents (including fees and expenses of appeal), incurred before, during and after an Insolvency Proceeding, whether or not suit is brought.

“Borrower’s Books” means all of Borrower’s books and records including: ledgers; records concerning Borrower’s assets or liabilities, the Collateral, business operations or financial condition; and all computer programs, or tape files, and the equipment, containing such information.

“Business Day” means any day that is not a Saturday, Sunday, or other day on which banks in the State of North Carolina are authorized or required to close.

“Cash” means unrestricted cash and cash equivalents.

“Change in Control” shall mean a transaction other than pursuant to a public offering or a bona fide equity financing or series of financings on terms and from investors reasonably acceptable to Bank in which any “person” or “group” (within the meaning of Section 13(d) and 14(d)(2) of the Securities Exchange Act of 1934) becomes the “beneficial owner” (as defined in Rule 13d-3 under the Securities Exchange Act of 1934), directly or indirectly, of a sufficient number of shares of all classes of stock then outstanding of Borrower ordinarily entitled to vote in the election of directors, empowering such “person” or “group” to elect a majority of the Board of Directors of Borrower, who did not have such power before such transaction.

“Closing Date” means the date of this Agreement.

“Code” means the North Carolina Uniform Commercial Code as amended or supplemented from time to time.

“Collateral” means the property described on Exhibit B attached hereto and all Negotiable Collateral to the extent not described on Exhibit B, except to the extent any such property (i) is nonassignable by its terms without the consent of the licensor thereof or another party (but only to the extent such prohibition on transfer is enforceable under applicable law, including, without limitation, Sections §25-9-406 and §25-9-408 of the Code), (ii) the granting of a security interest therein is contrary to applicable law, provided that upon the cessation of any such restriction or prohibition, such property shall automatically become part of the Collateral, (iii) constitutes the capital stock of a controlled foreign corporation (as defined in the IRC), in excess of 65% of the voting power of all classes of capital stock of such controlled foreign corporations entitled to vote, or (iv) property (including any attachments, accessions or replacements) that is subject to a Lien that is permitted pursuant to clause (c) of the definition of Permitted Liens, if the grant of a security interest with respect to such property pursuant to this Agreement would be prohibited by the agreement creating such Permitted Lien or would otherwise constitute a default thereunder, provided, that such property will be deemed “Collateral” hereunder upon the termination and release of such Permitted Lien.

“Collateral State” means the state or states where the Collateral is located, which is Massachusetts.

“Compliance Certificate” means a compliance certificate, in substantially the form of Exhibit D attached hereto, executed by a Responsible Officer of the Borrower.

“Contingent Obligation” means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to (i) any indebtedness, lease, dividend, letter of credit or other obligation of another, including, without limitation, any such obligation directly or indirectly guaranteed, endorsed, co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable; (ii) any obligations with respect to undrawn letters of credit, corporate credit cards or merchant services issued for the account of that Person; and (iii) all obligations arising under any interest rate, currency or commodity swap agreement, interest rate cap agreement, interest rate collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; provided, however, that the term “Contingent Obligation” shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to

the stated or determined amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith; provided, however, that such amount shall not in any event exceed the maximum amount of the obligations under the guarantee or other support arrangement.

“Copyrights” means any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or held.

“Credit Card Line” means Two Hundred Fifty Thousand Dollars (\$250,000).

“Credit Card Maturity Date” means 364 days after the Closing Date.

“Credit Extension” means each Term Loan and any other extension of credit by Bank to or for the benefit of Borrower hereunder.

“Environmental Laws” means all laws, rules, regulations, orders and the like issued by any federal state, local foreign or other governmental or quasi-governmental authority or any agency pertaining to the environment or to any hazardous materials or wastes, toxic substances, flammable, explosive or radioactive materials, asbestos or other similar materials.

“Equipment” means all present and future machinery, equipment, tenant improvements, furniture, fixtures, vehicles, tools, parts and attachments in which Borrower has any interest.

“Equity Event” means the receipt by Borrower after the Closing Date but not later than December 31, 2019 of at least Fifty Million Dollars (\$50,000,000) of gross proceeds from the sale of its equity securities or upfront cash payment from a strategic partnership.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the regulations thereunder.

“Event of Default” has the meaning assigned in Article 8.

“GAAP” means generally accepted accounting principles, consistently applied, as in effect from time to time in the United States.

“Indebtedness” means (a) all indebtedness for borrowed money or the deferred purchase price of property or services, including without limitation reimbursement and other obligations with respect to surety bonds and letters of credit, (b) all obligations evidenced by notes, bonds, debentures or similar instruments, (c) all capital lease obligations, and (d) all Contingent Obligations, including but not limited to any sublimit contained herein.

“Insolvency Proceeding” means any proceeding commenced by or against any Person or entity under any provision of the United States Bankruptcy Code, as amended, or under any other bankruptcy or insolvency law, including assignments for the benefit of creditors, formal or informal moratoria, compositions, extension generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

“Intellectual Property” means all of Borrower’s right, title, and interest in and to any Copyrights, Trademarks and Patents.

“Inventory” means all present and future inventory in which Borrower has any interest.

“Investment” means any beneficial ownership of (including stock, partnership or limited liability company interest or other securities) any Person, or any loan, advance or capital contribution to any Person.

“IRC” means the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

“Lien” means any mortgage, lien, deed of trust, charge, pledge, security interest or other encumbrance.

“Loan Documents” means, collectively, this Agreement, any note or notes executed by Borrower, and any other document, instrument or agreement entered into in connection with this Agreement, all as amended or extended from time to time.

“Material Adverse Effect” means a material adverse effect on (i) the operations, business or financial condition of Borrower and its Subsidiaries taken as a whole, (ii) the ability of Borrower to repay the Obligations or otherwise perform its obligations under the Loan Documents, or (iii) Borrower’s interest in, or the value, perfection or priority of Bank’s security interest in the Collateral.

“Maturity Date” means June 29, 2022.

“Negotiable Collateral” means all of Borrower’s present and future letters of credit of which it is a beneficiary, drafts, instruments (including promissory notes), securities, documents of title, and chattel paper, and Borrower’s Books relating to any of the foregoing.

“Obligations” means all debt, principal, interest, Bank Expenses and other amounts owed to Bank by Borrower pursuant to this Agreement or any other agreement, whether absolute or contingent, due or to become due, now existing or hereafter arising, including any interest that accrues after the commencement of an Insolvency Proceeding and including any debt, liability, or obligation owing from Borrower to others that Bank may have obtained by assignment or otherwise.

“Patents” means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

“Periodic Payments” means all installments or similar recurring payments that Borrower may now or hereafter become obligated to pay to Bank pursuant to the terms and provisions of any instrument, or agreement now or hereafter in existence between Borrower and Bank.

“Permitted Indebtedness” means:

- (a) Indebtedness of Borrower in favor of Bank arising under this Agreement or any other Loan Document;
- (b) Indebtedness existing on the Closing Date and disclosed in the Schedule;
- (c) Indebtedness not to exceed \$250,000 in the aggregate at any time secured by a lien described in clause (c) of the defined term “Permitted Liens,” provided such Indebtedness does not exceed at the time it is incurred the lesser of the cost or fair market value of the property financed with such Indebtedness;
- (d) Subordinated Debt;
- (e) Indebtedness to trade creditors incurred in the ordinary course of business;
- (f) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of business;
- (g) Indebtedness (i) owing from Borrower or any Subsidiary that is a guarantor to Borrower or any Subsidiary that is a guarantor, (ii) owing from any Subsidiary that is not a guarantor to any Subsidiary that is not a guarantor, and (iii) owing from any Subsidiary that is not a guarantor to Borrower or any Subsidiary that is a guarantor in an amount not to exceed \$100,000 outstanding;
- (h) Indebtedness that otherwise constitutes a Permitted Investment;
- (i) To the extent constituting Indebtedness obligations, Indebtedness incurred in connection with financing of insurance premiums in the ordinary course of business;
- (j) To the extent constituting Indebtedness, Indebtedness in respect of netting services or overdraft protections or otherwise in connection with deposit or securities accounts in the ordinary course of business;
- (k) Reimbursement obligations with respect to corporate credit cards;
- (l) the Standby Letter of Credit, issued by Silicon Valley Bank in the amount of \$26,500 existing as of the Closing Date;
- (m) Indebtedness not otherwise permitted hereunder not to exceed \$250,000 in the aggregate outstanding; and
- (n) Extensions, refinancings and renewals of any items of Permitted Indebtedness, provided that the principal amount is not increased or the terms modified to impose more burdensome terms upon Borrower or its Subsidiary, as the case may be.

“Permitted Investment” means:

- (o) Investments existing on the Closing Date disclosed in the Schedule;

(p) (i) Marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency or any State thereof maturing within one year from the date of acquisition thereof, (ii) commercial paper maturing no more than one year from the date of creation thereof and currently having rating of at least A-2 or P-2 from either Standard & Poor's Corporation or Moody's Investors Service, (iii) certificates of deposit maturing no more than one year from the date of investment therein, and (iv) money market accounts; (v) Investments in regular deposit or checking accounts held with Bank or as otherwise permitted by, and subject to the terms and conditions of, Section 6.6 of this Agreement; and (vi) Investments consistent with any investment policy adopted by the Borrower's board of directors;

(q) Investments accepted in connection with Permitted Transfers;

(r) Investments (i) by Borrower or any Subsidiary that is a guarantor in Borrower or any Subsidiary that is a guarantor, (ii) by any Subsidiary that is not a guarantor in any Subsidiary that is not a guarantor, and (iii) by Borrower or any Subsidiary that is a guarantor in any Subsidiary that is not a guarantor in an amount not exceeding \$100,000 per year;

(s) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrower or its Subsidiaries pursuant to employee stock purchase plan agreements approved by Borrower's Board of Directors, which shall not exceed \$350,000 in the aggregate in any fiscal year;

(t) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of Borrower's business;

(u) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business, provided that this subparagraph (g) shall not apply to Investments of Borrower in any Subsidiary;

(v) Joint ventures or strategic alliances in the ordinary course of Borrower's business consisting of the non-exclusive licensing of technology, the development of technology or the providing of technical support, provided that any cash Investments by Borrower do not exceed \$250,000 in the aggregate in any fiscal year;

(w) Investments in APSC, to the extent permitted in Section 6.7;

(x) Investments permitted under Section 7.3; and

(y) Investments not otherwise permitted hereunder not to exceed \$250,000 in any fiscal year.

"Permitted Liens" means the following:

(z) Any Liens existing on the Closing Date and disclosed in the Schedule (excluding Liens to be satisfied with the proceeds of the Credit Extensions) or arising under this Agreement, the other Loan Documents, or any other agreement in favor of Bank;

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- (aa)** Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings and for which Borrower maintains adequate reserves;
- (bb)** Liens not to exceed \$250,000 in the aggregate at any time (i) upon or in any Equipment (other than Equipment financed by a Credit Extension) acquired or held by Borrower or any of its Subsidiaries to secure the purchase price of such Equipment or indebtedness incurred solely for the purpose of financing the acquisition or lease of such Equipment, or (ii) existing on such Equipment at the time of its acquisition, in each case provided that the Lien is confined solely to the property so acquired and improvements thereon, and the proceeds of such Equipment;
- (cc)** Liens incurred in connection with the extension, renewal or refinancing of the indebtedness secured by Liens of the type described in clauses (a) through (c) above, provided that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness being extended, renewed or refinanced does not increase;
- (dd)** Liens arising from judgments, decrees or attachments in circumstances not constituting an Event of Default under Sections 8.4 (attachment) or 8.8 (judgments);
- (ee)** Liens securing Subordinated Debt;
- (ff)** Liens of carriers, warehousemen, suppliers, mechanics, materialmen, landlords or other similar persons incurred in the ordinary course of business;
- (gg)** Liens to secure the payment of worker's compensation, employment insurance, old age pensions, social security, bonds to secure 401k or similar retirement plans and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA);
- (hh)** Subject to Section 6.6, Liens in favor of other financial institutions arising in connection with Borrower's deposit and/or securities accounts held at such institutions;
- (ii)** Non-exclusive licenses, partnerships and joint ventures for the use of property of Borrower or its Subsidiaries in the ordinary course of business and licenses that do not result in a legal transfer of the title of the licensed property but may be exclusive in respects other than territory and that may be exclusive as to territory only as to discrete geographical areas outside of the United States;
- (jj)** Leases or subleases of real property granted in the ordinary course of business and leases, subleases, non-exclusive licenses or sublicenses of personal property (other than Intellectual Property) granted in the ordinary course of business, if the leases, subleases, licenses and sublicenses do not prohibit granting Bank a security interest therein;
- (kk)** For up to sixty (60) days after the Closing Date, a Lien on Borrower's account with Silicon Valley Bank securing obligations in connection with a Letter of Credit in the amount of \$26,500; and
- (ll)** Cash collateral securing corporate credit cards.

“Permitted Transfer” means the conveyance, sale, lease, transfer or disposition by Borrower or any Subsidiary of:

- (mm) Inventory in the ordinary course of business;
- (nn) licenses and similar arrangements for the use of the property of Borrower or its Subsidiaries in the ordinary course of business;
- (oo) worn-out, surplus or obsolete Equipment;
- (pp) grants of security interests and other Liens that constitute Permitted Liens;
- (qq) Permitted Investments;
- (rr) Consisting of the sale or issuance of any stock of Borrower permitted under Section 7.2;
- (ss) Cash in a manner not prohibited by the terms of this Agreement; and
- (tt) other assets of Borrower or its Subsidiaries that do not in the aggregate exceed \$250,000 during any fiscal year.

“Person” means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or governmental agency.

“Prime Rate” means the variable rate of interest, per annum, most recently announced by Bank, as its “prime rate,” whether or not such announced rate is the lowest rate available from Bank.

“Responsible Officer” means each of the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, Vice President of Finance and the Controller of Borrower, as well as any other officer or employee identified as an Authorized Officer in the corporate resolution delivered by Borrower to Bank in connection with this Agreement.

“Schedule” means the schedule of exceptions attached hereto and approved by Bank, if any.

“SOS Reports” means the official reports from the Secretaries of State of each Collateral State, the state where Borrower’s chief executive office is located, the state of Borrower’s formation and other applicable federal, state or local government offices identifying all current security interests filed in the Collateral and Liens of record as of the date of such report.

“Subordinated Debt” means any debt incurred by Borrower that is subordinated in writing to the debt owing by Borrower to Bank on terms reasonably acceptable to Bank (and identified as being such by Borrower and Bank).

“Subsidiary” means any corporation, partnership or limited liability company or joint venture in which (i) any general partnership interest or (ii) more than 50% of the stock, limited liability company interest or joint venture of which by the terms thereof ordinary voting power to elect the Board of Directors, managers or trustees of the entity, at the time as of which any determination is being made, is owned by Borrower, either directly or through an Affiliate.

“SVB Loan Agreement” means that certain Loan and Security Agreement, dated as of August 18, 2014, by and between Silicon Valley Bank and Borrower, as amended, restated, supplemented or otherwise modified from time to time.

“Trademarks” means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Borrower connected with and symbolized by such trademarks.

EXHIBIT C

LOAN ADVANCE/PAYDOWN REQUEST FORM

[Please refer to New Borrower Kit]

EXHIBIT D

COMPLIANCE CERTIFICATE

[Please refer to New Borrower Kit]

SCHEDULE OF EXCEPTIONS

Permitted Indebtedness (Exhibit A) – None.

Permitted Investments (Exhibit A) – None.

Permitted Liens (Exhibit A) – None.

Prior Names (Section 5.5) – None.

Litigation (Section 5.6) – None.

Inbound Licenses (Section 5.12) – that certain License Agreement, dated as of March 22, 2012, by and between Althea Technologies, Inc. and Borrower.

CORPORATE RESOLUTION

The undersigned duly elected and qualified officer of ALLENA PHARMACEUTICALS, INC. (the "Company") certifies that the following is a true and correct copy of certain resolutions adopted by the Company's Board of Directors in accordance with applicable law and the Company's bylaws, and that such resolutions are now unmodified and in full force and effect:

BE IT RESOLVED, that:

1) Any one (1) of the following, duly elected officers of the Company (each, an "Authorized Officer") whose genuine original signature appears next to his or her name is authorized to act for, on behalf of, and in the name of the Company in connection with the resolutions below:

<u>Title</u>	<u>Name</u>	<u>Authorized Signature</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

2) Any Authorized Officer may:

- a) Borrow money from time to time from Pacific Western Bank (the "Bank"), and may negotiate and procure loans, letters of credit, foreign exchange contracts and other financial accommodations from Bank, including without limitation, that certain Loan and Security Agreement dated as of June 29, 2018, and also to execute and deliver to Bank one or more renewals, extensions, or modifications thereof;
- b) Give security for any liabilities of the Company to Bank by grant, security interest, assignment, lien, deed of trust or mortgage upon any real or personal property, tangible or intangible of the Company;
- c) Purchase, sell, exchange, assign, endorse for transfer and/or deliver certificates and/or instruments representing stocks, bonds, evidences of Indebtedness or other securities owned by the Company, whether or not registered in the name of the Company;
- d) Discount with the Bank, commercial or other business paper belonging to the Company made or drawn by or upon third parties, without limit as to amount;
- e) Authorize and direct the Bank to pay the proceeds of any such loans or discounts as directed by the persons so authorized to sign;
- f) [Reserved];
- g) Execute and deliver in form and content as may be required by the Bank any and all notes, evidences of indebtedness, applications for letters of credit, guaranties, subordination agreements, loan and security agreements, financing statements, assignments, liens, deeds of trust, mortgages, trust receipts and other agreements, instruments or documents to carry out the purposes of these Resolutions, any or all of which may relate to all or to substantially all of the Company's property and assets;

3) The Authorized Officers may designate additional or alternate individuals as being authorized to request loan advances, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements as he or she may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of these Resolutions.

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- 4) Any and all acts authorized pursuant to these resolutions and performed prior to the passage of these resolutions are hereby ratified and approved, and the authority conferred herein may be exercised singly by any such officer, and these resolutions shall continue in full force and effect until written notice of modification or revocation is received and accepted by Bank (such notice to have no effect on any action previously taken by the Bank in reliance on these Resolutions). Bank may rely upon any form of notice, which it in good faith believes to be genuine or what it purports to be.
 - 5) The Resolutions are in full force and effect as of the date of this Certificate and are intended to replace, as of this date, any Resolutions previously given by the Company to Bank in connection with the matters described herein; these Resolutions and any borrowings or financial accommodations under these Resolutions have been properly noted in the corporate books and records, and have not been rescinded, revoked or modified; neither the foregoing Resolutions nor any actions to be taken pursuant to them are or will be in contravention of any provision of the articles of incorporation or bylaws of the Company or of any agreement, indenture or other instrument to which the Company is a party or by which it is bound; and to the extent the articles of incorporation or bylaws of the Company or any agreement, indenture or other instrument to which the Company is a party or by which it is bound require the vote or consent of shareholders of the Company to authorize any act, matter or thing described in the foregoing Resolutions, such vote or consent has been obtained.

In Witness Whereof, I have affixed my name as _____ (title) on June 29, 2018.

**USA PATRIOT ACT
NOTICE
OF
CUSTOMER IDENTIFICATION**

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

WHAT THIS MEANS FOR YOU: when you open an account, we will ask your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

3.

PACIFIC WESTERN BANK

AUTOMATIC DEBIT AUTHORIZATION

Member FDIC

To: **PACIFIC WESTERN BANK**

Re: **Loan #** _____

You are hereby authorized and instructed to charge account No. _____ in the name of
ALLENA PHARMACEUTICALS, INC.

for facility fees, principal, interest and other payments due on above referenced loan as set forth below and credit the loan referenced above.

____ Debit the Facility Fee as it becomes due according to the terms of the Loan and Security Agreement and any renewals or amendments thereof.

____ Debit each interest payment as it becomes due according to the terms of the Loan and Security Agreement and any renewals or amendments thereof.

____ Debit each principal payment as it becomes due according to the terms of the Loan and Security Agreement and any renewals or amendments thereof.

____ Debit each payment for Bank Expenses as it becomes due according to the terms of the Loan and Security Agreement and any renewals or amendments thereof.

This Authorization is to remain in full force and effect until revoked in writing.

Borrower Signature

Date

We are excited to have you as a client of Square 1 Bank, a division of Pacific Western Bank! We'd love to spread the word about your success!

From press releases to mentions on social media sites, and all points in between, Square 1's marketing and communications team is constantly seeking new opportunities to promote our clients and to connect them to prospects, existing customers and the larger entrepreneurial/venture capital community.

If you complete the authorization below and return it to us, you are authorizing us to reference and/or include your company as part of our marketing and advertising efforts without further review or advance approval by you. Please select all areas that you approve.

- All items listed below
- List company as a Square 1 customer on social media sites, including Twitter, LinkedIn, Facebook, Square 1's corporate blog, or any other social media site
- Press release including your company as a client of Square 1 Bank, a division of Pacific Western Bank (to include company name and description only; may appear alongside other clients)
- Press release including your company as a client of Square 1 Bank, a division of Pacific Western Bank (**general** press release not focused on your company, but referring to your company as a client, and including your company's name, description, and editorial comments; may appear alongside other clients)
- Provide quote for inclusion in a Square 1-issued press release
- Use of company name and logo in Square 1 marketing materials including corporate marketing collateral, website, social media sites, and other advertising campaigns
- Provide quotes for inclusion in Square 1 marketing materials including corporate marketing collateral, website, social media sites, and other advertising campaigns
- Customer case study/application brief (success story to be posted on website, included in press kits and/or pitched to publications as potential articles)
- Willing to participate in a video testimonial highlighting your banking relationship and experiences with Square 1's team, products and services.
- Other (please describe):

If you have questions, please contact your banker or our Marketing + Communications team at marketing@square1bank.com.

Please acknowledge your authorization by signing below:

Company Name: _____

Authorized Signer: _____

Name: _____

Title: _____

Date: _____

1) **INSURANCE CHECKLIST**¹

In connection with the closing of your credit facility with Pacific Western Bank (the “Bank”), the following conditions related to insurance must be satisfied:

1. **Insurance Company Requirements** - All insurance required pursuant to the loan documents shall be issued by insurance companies in good standing with a current rating of A- or better by A.M. Best Company and a Financial Size Category of VIII or higher.
2. **Property Insurance**.
 - a. Pre-Closing: The Borrower must provide an Acord Form 28 showing evidence of property insurance, naming Pacific Western Bank as a certificate holder.
 - b. Post-Closing: Within thirty days following closing, Borrower must provide Bank with a Lender’s Loss Payable endorsement showing Pacific Western Bank as a lender’s loss payee.
3. **Liability Insurance**.
 - a. Pre-Closing: The Borrower must provide an Acord Form 25 showing Pacific Western Bank as a certificate holder.
 - b. Post-Closing: Within thirty days following closing, Borrower must provide Bank with an endorsement to Borrower’s liability insurance policy showing Pacific Western Bank as an additional insured.
4. **Name and Address** – The Bank name and address format on all insurance related documentation should be as follows:

**Pacific Western Bank, its successors and assigns,
406 Blackwell Street, Suite 240 Durham, NC 27701
Attn: Loan Operations Department**

Please email copies of any documentation related to insurance to insurance@square1bank.com, and if you have any questions related to the insurance requirements associated with the closing of your credit facility please contact Lisa Stansell at (919) 597-7487 or via email at lstansell@square1bank.com.