

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

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FORM 8-K

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

Date of Report (Date of earliest event reported): February 13, 2014

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**CORONADO BIOSCIENCES, INC.**

(Exact Name of Registrant as Specified in Charter)

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**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-35366**  
(Commission File  
Number)

**20-5157386**  
(IRS Employer  
Identification No.)

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**24 New England Executive Park, Burlington, MA**  
(Address of Principal Executive Offices)

**01803**  
(Zip Code)

Registrant's Telephone Number, Including Area Code: **(781) 652-4500**

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))
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**Item 1.01 Entry Into a Material Definitive Agreement.**

On February 13, 2014, Coronado Biosciences, Inc. (the “Company”) executed a Promissory Note (the “Note”) in favor of Israel Discount Bank of New York (the “Bank”) in the amount of \$15.0 million. The Company expects to use proceeds from the Note to repay its prior loan from Hercules Technology Growth Capital, Inc. and fund its general working capital needs. The Company may request revolving advances under the Note in a minimum amount of \$100,000 (or the remaining amount of the undrawn balance under the Note if such amount is less than \$100,000). All amounts advanced under the Note are due in full at the earlier of: (i) February 13, 2016, or (ii) on the Bank’s election following the occurrence and continuation of an event of default. The unpaid principal amount of each advance shall bear interest at a rate per annum equal to the rate payable on the Company’s Money Market Account plus a margin of 150 basis points. The Note contains various representations and warranties customary for financings of this type.

The obligations of the Company under the Note are secured by a security interest in, a general lien upon, and a right of set-off against the Company’s Money Market Account pursuant to the Assignment and Pledge of Money Market Account, dated as of February 13, 2014 (the “Pledge Agreement”). Pursuant to the Pledge Agreement, the Bank may, after the occurrence and continuation of an event of default under the Note, recover from the Money Market Account all amounts outstanding under the Note. The Pledge Agreement contains various representations, warranties, and covenants customary for pledge agreements of this type.

The Company will default on the Note if, among other things, it fails to pay outstanding principal or interest when due. Following the occurrence of an event of default under the Note, the Bank may: (i) declare the entire outstanding principal balance of the Note, together with all accrued interest and other sums due under the Note, to be immediately due and payable; (ii) exercise its right of set-off against any money, funds, credits or other property of any nature in possession of, under control or custody of, or on deposit with the Bank; (iii) terminate the commitments of the Bank; and (iv) liquidate the Money Market Account to reduce the Company’s obligations to the Bank.

The foregoing description of the Note and Pledge Agreement are qualified in their entirety by reference to the full and complete terms contained in the Note and Pledge Agreement which are filed as Exhibits 10.53 and 10.54 to this Current Report on Form 8-K and are incorporated herein by reference.

**Item 2.03 Creation of a Direct Financial Obligation.**

As described in Item 1.01 above, on February 13, 2014, the Company executed a Note. The Note is attached hereto as Exhibit 10.53. The description of the Note in Item 1.01 above is hereby incorporated into this Item 2.03 by reference.

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**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.53	Promissory Note dated as of February 13, 2014, in favor of Israel Discount Bank of New York.
10.54	Assignment and Pledge of Money Market Account dated as of February 13, 2014 in favor of Israel Discount Bank of New York.

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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.

CORONADO BIOSCIENCES, INC.

Date: February 18, 2014

/s/ Lucy Lu, M.D.

Lucy, Lu, M.D.

Executive Vice President and Chief Financial  
Officer

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**PROMISSORY NOTE**

\$15,000,000.00  
New York, New York

February 13, 2014

**FOR VALUE RECEIVED**, the undersigned, **CORONADO BIOSCIENCES, INC.**, (the “Borrower”) **HEREBY PROMISES TO PAY** to the order of **ISRAEL DISCOUNT BANK OF NEW YORK**, its successors and assigns (hereinafter the “Bank”), the principal amount of **FIFTEEN MILLION and 00/100 DOLLARS (\$15,000,000.00)**, in lawful money of the United States (the “Loan”), or the aggregate unpaid principal amount of all revolving credit advances (hereinafter each being referred to as an “Advance” and collectively, the “Advances”) made to Borrower, as set forth on Bank’s computer system on the Loan Enquiry Page(s) (the “Loan Enquiry Page(s)”) on the Maturity Date, and to pay interest on the unpaid principal balance of this Promissory Note (this “Note”) in the manner and at the rate as hereinafter specified and such amounts due hereunder.

**1. Defined Terms.** As used in this Note the following terms shall have the following meanings:

The term “Additional Costs” shall have the meaning as defined in Section 17.

The terms “Advance” or “Advances” shall have the meanings as defined in the introductory paragraph.

The term “Bank” shall have the meaning as defined in the introductory paragraph.

The term “Bankruptcy Code” shall mean Title 11 of the United States Code, as amended.

The term “Borrower” shall have the meaning as defined in the introductory paragraph.

The term “Business Day” shall mean any day other than a Saturday, Sunday, or other day on which commercial banks in New York are authorized or required to close under the laws of the State of New York.

The term “Collateral” or “Collateral Account” shall be that certain MMA account of Coronado Biosciences, Inc. in an amount of \$15,000,000.00 but at all times of no less than any outstanding Advances under this Note pledged by Coronado Biosciences, Inc. to Bank, together with any replacements, renewals or extensions thereof.

The term “Default Interest Rate” shall have the meaning as defined in Section 4.

The term “Event of Default” shall mean any of the events or conditions specified in Section 12 hereof.

The term “Indebtedness” shall mean all items of indebtedness, obligation or liability, whether matured or unmatured, liquidated or unliquidated, funded or unfunded, direct or contingent, joint or several, which would properly be included in the liability section of a balance sheet or in a footnote to a financial statement in accordance with generally accepted accounting principles, and shall also include (a) all indebtedness guaranteed, directly or indirectly in any manner, or endorsed (other than for collection or deposit in the ordinary course of business) or sold with recourse, (b) all indebtedness in effect guaranteed, directly or indirectly, through agreements, contingent or otherwise, and (c) all indebtedness secured by (or for which the holder of such indebtedness has a right, contingent or otherwise, to be secured by) any mortgage, deed of trust, pledge, assignment, lien, security interest or other charge or encumbrance upon property owned or acquired subject thereto, whether or not the liabilities secured thereby have been assumed or guaranteed.

The terms “Indemnified Party” or “Indemnified Parties” shall have the meanings as defined in Section 27.

The term “Interest” means the annual rate of interest payable on the outstanding Advances in accordance with Sections 3 and 4.

The term “Late Charge” shall have the meaning as defined in Section 10.

The term “Loan” shall have the meaning as defined in the introductory paragraph.

The term “Loan Documents” shall mean this Note and any other document, instrument or agreement, entered into in connection with the Indebtedness evidenced by this Note, all as amended, restated, extended, renewed, supplemented, modified or replaced from time to time.

The term “Loan Enquiry Page(s)” shall have the meaning as defined in the introductory paragraph.

The term “Margin” shall mean one hundred fifty basis points (150 bps).

The term “Maturity Date” shall mean February 13, 2016.

The term “Minimum Advance” shall have the meaning as defined in Section 2(c).

The term “Note” shall mean this Promissory Note.

The term “Obligations” shall mean all existing and future debts, liabilities and obligations of every kind or nature at any time owing by Borrower to Bank, under this Note or under any other Loan Document, including, without limitation, the debts, liabilities and obligations in respect of this Note and any extensions, modifications, substitutions, increases and renewals thereof.

The term “Obligor” shall mean individually and collectively Borrower, each endorser and surety of this Note, any person who is primarily or secondarily liable for the repayment of this Note or any portion thereof, any person who has granted security for the repayment of the Note, together with such person’s heirs, personal representatives, successors and assigns.

## **2. Advances.**

- (a) Each request by Borrower for an Advance shall be received by Bank not later than 12:00 noon, New York local time, on the date of such request.
- (b) Each request for an Advance shall specify (i) the requested date of such Advance (ii) the requested amount of such Advance and (iii) the purpose of such Advance.
- (c) A request for an Advance shall be irrevocable upon Bank's first receiving notification thereof and shall be in a minimum amount ("Minimum Advance") of: (i) \$100,000.00; or (ii) the remaining amount of the available undrawn balance under the Loan if such amount is less than \$100,000.00.
- (d) Subject to the terms and conditions hereof and the terms and conditions set forth in the Loan Documents, Advances that are repaid or prepaid may be reborrowed on a revolving basis up to the maximum amount of this Note.
- (e) Borrower shall utilize the Advances for prior loan repayment and to fund general working capital needs.

## **3. Principal and Interest.**

- (a) Interest shall be payable on the outstanding daily unpaid principal amount of each Advance from the date hereof until payment in full is made and shall accrue and be payable at the rates set forth or provided for herein, before and after default, before and after maturity, before and after judgment and before and after the commencement of any proceeding under the Bankruptcy Code, with interest on overdue interest to bear interest and to be compounded at the Default Interest Rate, in each case, to the fullest extent permitted by applicable laws.
- (b) Interest accrued on each Advance shall be due and payable in arrears on the first day of each calendar month commencing on the first day of the first full month following the date of such Advance and at maturity (whether as stated or by acceleration). Except as otherwise provided in Section 4, the unpaid principal amount of each Advance shall bear interest at a rate per annum equal to the interest rate payable on the Collateral Account plus the Margin.
- (c) If not sooner paid, the unpaid principal amount of each Advance shall be due and payable on the Maturity Date.
- (d) The unpaid principal amount of any Advance may, at any time and from time to time, be voluntarily paid or prepaid in whole or in part except that, with respect to any voluntary prepayment, (i) Bank shall have received written notice of any prepayment by 12:00 noon, New York local time on the date of prepayment (which must be a Business Day), which notice shall identify the date and amount of the prepayment and (ii) each prepayment of an Advance shall be accompanied by payment of interest accrued to the date of payment on the amount of principal paid.
- (e) Bank may act without liability upon the basis of telephonic notice believed by Bank in good faith to be from Borrower. Borrower shall immediately confirm to Bank, in writing, each telephonic notice. All Advances are made at Bank's sole and absolute discretion and Bank may, at its option and in its sole and absolute discretion and without notice to the undersigned, decline to make any Advance requested by Borrower. Borrower hereby expressly authorizes Bank to record in its computer system the amount and date of each Advance, the applicable rate of interest, the Maturity Date, and each payment of principal and interest thereon. In the event of any discrepancy between any such notation by Bank and any records of Borrower, the records of Bank shall be controlling and conclusive absent manifest error.
- (f) All amounts due and owing hereunder shall be paid in full no later than the earlier of: (i) the Maturity Date; or (ii) at the Bank's election following the occurrence and continuation of an Event of Default.

4. **Default Rate.** At the option of the Bank, upon the occurrence and during the continuance of any Event of Default, and in any event if any installment of principal or interest or any fee or cost or other amount payable under this Note, or any other Loan Document, is not paid when due, the Obligations shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the rate otherwise applicable thereto plus three (3%) percent per annum (the "Default Interest Rate"), to the fullest extent permitted by applicable law. Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be compounded monthly, on the last day of each calendar month, to the fullest extent permitted by applicable law.

5. **Computation of Interest and Fees.**

- (a) Computation of interest on the Loan shall be calculated on the basis of a year of 360 days and the actual number of days elapsed. Borrower acknowledges that such latter calculation method will result in a higher yield to the Lender than a method based on a year of 365 or 366 days.
- (b) Under no circumstances or event whatsoever shall the aggregate of all amounts deemed interest hereunder and charged or collected pursuant to the terms of this Note exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that such court determines Bank has charged or received interest hereunder in excess of the highest applicable rate, Bank shall apply, in its sole discretion, and set off such excess interest received by Bank against other Obligations due or to become due and such rate shall automatically be reduced to the maximum rate permitted by such law.

6. **Manner and Treatment of Payments.**

(a) Each payment due on this Note, or under any other Loan Document, shall be made to Bank, at Bank's office located at 511 Fifth Avenue, New York, New York 10017-4997, for the account of Bank, in immediately available funds not later than 3:00 p.m., New York local time, on the day of payment (which must be a Business Day). All payments received after these deadlines shall be deemed received on the next succeeding Business Day. All payments shall be made in lawful money of the United States of America.

(b) Bank shall have the unconditional right and discretion (and Borrower hereby authorizes Bank) to charge Borrower's operating and/or deposit account(s) for all of Borrower's Obligations as they become due from time to time under this Note, or any other Loan Document, including, without limitation, interest, principal, fees, indemnification obligations (unless disputed by Borrower) and reimbursement of expenses.

(c) Any payment due under this Note which is paid by check or draft shall be subject to the condition that any receipt issued therefore shall be ineffective unless and until the amount due is actually received by Bank. Each payment received by Bank shall be applied as follows: first, to the payment of any and all costs, fees and expenses incurred by or payable to Bank in connection with the collection or enforcement of this Note; second, to the payment of all unpaid late charges (if any); third, to the payment of all accrued and unpaid interest hereunder; and fourth, to the payment of the unpaid principal balance of this Note, or in any other manner which Bank may, in its sole discretion, elect from time to time.



**7. Security Interest in Collateral.**

(a) To secure payment to Bank and performance of the Obligations, Borrower hereby grants to Bank a continuing security interest in, a general lien upon and a right of set-off against the Collateral.

(b) Borrower hereby authorizes Bank, at any time and from time to time, to file financing statements, continuation statements and amendments thereto under the Uniform Commercial Code naming Borrower as debtor and Bank as secured party and indicating therein the types or describing the items of Collateral herein specified. Borrower will not, without the prior written consent of Bank, file or authorize or permit to be filed in any jurisdiction any such financing or like statement in which Bank is not named as the sole secured party covering the Collateral set forth herein.

(c) Following the occurrence and during the continuation of an Event of Default, Bank, at its discretion may, in its name or in the name of Borrower or otherwise, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for, or make any compromise or settlement deemed desirable with respect to, any of the Collateral, but shall be under no obligation so to do, or Bank may extend the time of payment, arrange for payment in installments, or otherwise modify the terms of, or release, any of the Collateral, without thereby incurring responsibility to, or discharging or otherwise affecting any liability of Borrower. Bank shall not be required to take any steps necessary to preserve any rights of prior parties to any of the Collateral. Upon default hereunder or in connection with any of the Obligations (whether such default be that of Borrower or of any other party obligated thereon), Bank shall have the rights and remedies provided by law. Borrower will pay to Bank all reasonable out of pocket expenses (including reasonable expense for legal services of every kind) of, or incidental to, the enforcement of any of the provisions hereof or of any of the Obligations, or any enforcement, collection, compromise or settlement of any of the Collateral or receipt of the proceeds thereof, and for the care of the Collateral and defending or asserting the rights and claims of Bank in respect thereof, by litigation or otherwise, including expense of insurance, and all such expenses shall be indebtedness within the terms of this Note. Bank, shall apply the net cash receipts from the Collateral resulting from an enforcement action following an Event of Default to the payment of principal of and/or interest on any of the Obligations making proper rebate of interest or discount. Notwithstanding that Bank, whether in its own behalf and/or in behalf of another and/or of others, may continue to hold Collateral and regardless of the value thereof, Borrower shall be and remain liable for the payment in full, principal and interest, of any balance of the Obligations and expenses at any time unpaid.

**8. Right of Set-Off.** To secure payment of this Note and all other Obligations of Borrower to Bank, Borrower and any Obligor of this Note hereby grant Bank a continuing lien and/or right of set-off upon any and all deposit and/or operating accounts now or hereafter maintained with Bank, any and all securities and other property of Borrower and any Obligor and the proceeds thereof now or hereafter coming into the possession or control of Bank, hereby authorizing Bank, following the occurrence and during the continuation of an Event of Default to appropriate and apply such deposits or the proceeds of the sale of such securities or other property to any such Obligations, it being understood that Bank shall be under no obligation to effect any such appropriation and application.

**9. Repayment Extension.** If any payment of principal or interest shall be due on a Saturday, Sunday or any other day on which banking institutions in the State of New York are required or permitted to be closed, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of the payment of interest.

**10. Late Charge.** Borrower shall unconditionally pay to Bank a late charge (the "Late Charge") equal to the greater of (a) five (5%) percent of the payment then due or (b) \$200.00, if any such payment in whole or in part is not received by Bank within ten (10) days after its due date. The Late Charge is in addition to the Default Interest Rate, if applicable, and shall be payable together with the next payment due hereunder or, at Bank's option, upon demand by Bank, provided, however, that if any such Late Charge is not recognized as liquidated damages for such delinquency, and if deemed to be interest in excess of the amount permitted by applicable law, Bank shall be entitled to collect a Late Charge only at the highest rate permitted by law, and any payment actually collected by Bank in excess of such lawful amount shall be deemed a payment in reduction of the principal sum then outstanding, and shall be so applied.

**11. Representations and Warranties.** Borrower represents and warrants to Bank that:

**Existence and Qualification; Power** - Borrower is a corporation or limited liability company duly formed, validly existing and in good standing under the laws of the state of its organization. Borrower is duly qualified or registered to transact business and is in good standing in each jurisdiction in which the conduct of its business or the ownership or leasing of its properties makes such qualification or registration necessary. Borrower has all requisite corporate power and/or other authority to conduct its business, to own and lease its properties and to execute and deliver this Note and each Loan Document to which it is a party and to perform its Obligations;

**Compliance with Laws** - Borrower is in compliance in all material respects with all laws, regulations and other legal requirements applicable to its business, has obtained all authorizations, consents, approvals, orders, licenses and permits from, and has accomplished (or obtained exemptions from) all filings, registrations and qualifications that are necessary for the transaction of its business;

**Authority; Compliance With Other Agreements and Instruments** - the execution, delivery and performance by Borrower of this Note and the other Loan Documents to which it is a party has been duly authorized by all necessary corporate, partnership or membership action, as applicable, and does not and will not: (i) require any consent or approval not heretofore obtained of any manager, director, stockholder, member, partner, security holder or creditor of such party; (ii) violate or conflict with any provision of Borrower's partnership agreement, articles of organization, operating agreement, articles of incorporation, charter, by-laws or other comparable instruments; or (iii) result in a breach by Borrower or constitute a default by Borrower under, or cause or permit the acceleration of any obligation owed under, any indenture or loan or credit agreement or any other contractual obligation to which Borrower is a party or by which Borrower or any of its property is bound or affected;

**Financial Statements** - the financial statements of Borrower previously furnished to Bank are complete and correct and fairly present the financial condition of Borrower, as of the respective dates thereof and the results of Borrower's operations as of the end of the most recent fiscal quarter reflect no material adverse change in the financial condition of Borrower;

No Default - no event has occurred and no event is continuing which with the giving of notice or the lapse of time or both would constitute an Event of Default;

Representations and Warranties - prior to the making of each Advance all representations and warranties contained herein, or the other Loan Documents, shall be true and correct and of the same force and effect as though such representations and warranties had been made as of the date of the making of such Advance;

Regulations T, U and X; Investment Company Act - no part of the proceeds of the Loan will be used to purchase or carry, or to extend credit to others for the purpose of purchasing or carrying, any margin stock within the meaning of Regulations T, U or X of the Board of Governors of the Federal Reserve System. As of the date of this Note, Borrower is not or is not required to be registered as an "investment company" under the Investment Company Act of 1940; and

Government Regulation - Borrower is not involved in any activity, directly or indirectly, which would constitute a violation of applicable laws concerning money laundering, the funding of terrorism or similar activities. No part of the proceeds of the Loan will be used to fund activities which would constitute a violation of the United States Bank Secrecy Act, the United States Money Laundering Control Act of 1986, the United States International Money Laundering Abatement and Anti-terrorist Financing Act of 2001. Borrower is not subject to and shall not become subject at any time to any laws, regulation, or list of any government agency (including, without limitation, the U.S. Office of Foreign Assets Control List) that prohibits or limits Bank from making any advance or extension of credit to Borrower or from otherwise conducting business with Borrower. Borrower shall not fail to provide documentary or other evidence of Borrower's identity as may be requested by Bank at any time to enable Bank to verify Borrower's identity or to comply with any applicable law or regulation, including without limitation, Paragraph 326 of the USA Patriot Act of 2001, 31 U.S.C., Paragraph 5318.

**12. Events of Default.** The occurrence of any one or more of the following events shall constitute an "Event of Default" under this Note:

Payments – if Borrower, or any other Obligor, fails to make any payment of principal or interest under the Obligations when such payment is due and payable; or

Other Charges - if Borrower, or any other Obligor, fails to pay any other charges, fees, expenses or other monetary obligations owing to Bank arising out of or incurred in connection with this Note within five (5) Business Days after the date such payment is due and payable; or

Particular Covenant Defaults - if Borrower fails to perform, comply with or observe any covenant or undertaking contained in any Loan Document and such failure continues for ten (10) Days after the occurrence thereof; or

Financial Information – if any statement, report, financial statement, or certificate made or delivered by Borrower, or any other Obligor, to Bank is not true and correct in all material respects when made or delivered.

Warranties or Representations - if any warranty, representation or other statement by or on behalf of Borrower contained in or pursuant to this Note, the other Loan Documents or in any document, agreement or instrument furnished in compliance with, relating to, or in reference to this Note, is false, erroneous, or misleading in any material respect when made; or

Agreements with Others - (i) if Borrower shall default beyond any grace period in the payment of principal or interest of any Indebtedness of Borrower in excess of \$250,000; or (ii) if Borrower otherwise defaults under the terms of any such Indebtedness if the effect of such default is to enable the holder of such Indebtedness to accelerate the payment of Borrower's obligations, which are the subject thereof, prior to the maturity date or prior to the regularly scheduled date of payment, and such default is not waived by the holder thereof; or

Other Agreements with Bank - if any Obligor breaches or violates the terms of, or if a default occurs under, any other existing or future agreement (related or unrelated) (including, without limitation, the other Loan Documents) between Borrower and Bank and such breach, violation or default is not cured within ten (10) days after Bank provides notice thereof to Borrower; or

Judgments - if any final judgment exceeding \$250,000 for the payment of money (i) which is not fully and unconditionally covered by insurance or (ii) for which Borrower has not established a cash or cash equivalent reserve in the full amount of such judgment, shall be rendered by a court of record against Borrower and such judgment shall continue unsatisfied and in effect for a period of thirty (30) consecutive days without being vacated, discharged, satisfied or bonded pending appeal; or

Assignment for Benefit of Creditors, etc. - if Borrower makes or proposes in writing, an assignment for the benefit of creditors generally, offers a composition or extension to creditors, or makes or sends notice of an intended bulk sale of any business or assets now or hereafter owned or conducted by Borrower; or

Bankruptcy, Dissolution, etc. - upon the commencement of any action for the dissolution or liquidation of Borrower, or the commencement of any proceeding to avoid any transaction entered into by Borrower, or the commencement of any case or proceeding for reorganization or liquidation of Borrower's debts under the Bankruptcy Code or any other state or federal law, now or hereafter enacted for the relief of debtors, whether instituted by or against Borrower; provided however, that Borrower shall have twenty (20) Business Days to obtain the dismissal or discharge of involuntary proceedings filed against it, it being understood that during such twenty (20) Business Day period, Bank may seek adequate protection in any bankruptcy proceeding; or

Receiver - upon the appointment of a receiver, liquidator, custodian, trustee or similar official or fiduciary for Borrower or for Borrower's property; or

Execution Process, etc. - the issuance of any execution or distraint process against any property of Borrower; or

Investigations - any indication or evidence received by Bank that reasonably leads it to believe Borrower may have directly or indirectly been engaged in any type of activity which, would be reasonably likely to result in the forfeiture of any material property of Borrower to any governmental entity, federal, state or local; or

Liens - if any lien in favor of Bank shall cease to be valid, enforceable and perfected and prior to all other liens other than permitted liens; or

Fraudulent Conveyance - the making or suffering by Borrower, or any other Obligor, of a transfer of any property, which is judicially determined to be fraudulent under the law of any applicable jurisdiction; or

Material Adverse Effect – if there is any change in Borrower’s financial condition which, in Bank’s reasonable opinion, has or would be reasonably likely to have a material adverse effect with respect to (a) the assets, properties, financial condition, credit worthiness, business prospects, material agreements or results of business operations of Borrower, or (b) Borrower’s ability to pay the Obligations in accordance with the terms hereof, or (c) the validity or enforceability of this Note or any of the other Loan Documents or the rights and remedies of Bank hereunder or thereunder.

**13. Rights and Remedies upon Default.** Following the occurrence of an Event of Default hereunder, Bank, in Bank’s sole discretion and without notice or demand to Borrower or any other Obligor, may: (a) declare the entire outstanding principal balance of this Note, together with all accrued interest and all other sums due under this Note to be immediately due and payable, and the same shall thereupon become immediately due and payable without presentment, demand or notice, which are hereby expressly waived (b) exercise its right of set-off against any money, funds, credits or other property of any nature whatsoever of Borrower or any other Obligor now or at any time hereafter in the possession of, in transit to or from, under the control or custody of, or on deposit with, Bank or any affiliate of Bank in any capacity whatsoever, including without limitation, any balance of any deposit account and any credits with Bank or any affiliate of Bank; (c) terminate any outstanding commitments of Bank to Borrower or any Obligor; (d) liquidate the Collateral Account and apply all or a portion of the proceeds of the Collateral Account in reduction of the Obligations, whether or not such Collateral Deposit is matured or unmatured, and the Bank shall not be liable or in any way responsible to the Borrower by reason of any early withdrawal or similar penalties or charges imposed in connection therewith; and (e) exercise any or all rights, powers, and remedies provided for in the Loan Documents or now or hereafter existing at law, in equity, by statute or otherwise.

**14. Remedies Cumulative.** Each right, power and remedy of Bank hereunder, under the other Loan Documents or now or hereafter existing at law, in equity, by statute or otherwise shall be cumulative and concurrent, and the exercise or the beginning of the exercise of any one or more of them shall not preclude the simultaneous or later exercise by Bank of any or all such other rights, powers or remedies. No failure or delay by Bank to insist upon the strict performance of any one or more provisions of this Note or of the Loan Documents or to exercise any right, power or remedy consequent upon a breach thereof or a default hereunder shall constitute a waiver thereof, or preclude Bank from exercising any such other rights, powers or remedy. By accepting full or partial payment after the due date of any amount of principal or interest on this Note, or other amounts payable on demand, Bank shall not be deemed to have waived the right either to require prompt payment when due and payable of all other amounts of principal or interest on this Note or other amounts payable on demand, or to exercise any rights and remedies available to is in order to collect all such other amounts due and payable under this Note.

**15. Intentionally Omitted**

**16. Intentionally Omitted**

**17. Additional Costs.** If, as a result of any change in applicable law, regulation, guideline or order, or in the interpretation or application thereof by any governmental authority charged with the administration thereof, there shall be imposed upon or made applicable to Bank any reserve requirement against this Note or any other costs or assessments (hereinafter "Additional Costs"), Borrower shall pay to Bank, on demand (which demand shall be in writing and which will set forth a calculation of such Additional Costs), an amount sufficient to compensate Bank for such Additional Cost. Bank's calculation of the amount of such Additional Costs shall be presumed correct absent manifest error.

**18. Taxes.** Any and all payments by or on account of any Obligations hereunder shall be made free and clear of and without deduction for any taxes; provided that if the Borrower shall be required to deduct any taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this paragraph but excluding any deductions made for taxes upon Bank's net income or franchise taxes payable by Bank) the Bank (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant governmental authority in accordance with applicable law.

**19. Collection Expenses.** If this Note is placed in the hands of an attorney for collection following the occurrence of an Event of Default hereunder, Borrower agrees to pay to Bank upon demand costs and expenses, including all reasonable attorney's fees and court costs, paid or incurred by Bank in connection with the enforcement or collection of this Note (whether or not any action has been commenced by Bank to enforce or collect this Note) or in successfully defending any counterclaim or other legal proceeding brought by Borrower contesting Bank's right to collect the outstanding principal balance of this Note. The obligation of Borrower to pay all such costs and expenses shall not be merged into any judgment by confession against Borrower. All of such costs and expenses shall bear interest at the highest rate of Interest permitted under this Note from the date of payment by Bank until repaid in full.

**20. Interest Rate after Judgment.** If judgment is entered against Borrower on this Note, the amount of the judgment entered (which may include principal, interest, fees and costs) shall bear interest at the higher of (i) the legal rate of interest then applicable to judgments in the jurisdiction in which judgment was entered, or (ii) if otherwise permitted by applicable law, the Default Interest Rate provided herein.

**21. Certain Waivers by Borrower.** Borrower waives demand, presentment, protest and notice of demand, of non-payment, of dishonor, and of protest of this Note. Bank, without notice to or further consent of Borrower or any other Obligor and without in any respect compromising, impairing, releasing, lessening or affecting the obligations of Borrower hereunder or under of the Loan Documents, may: (a) release, surrender, waive, add, substitute, settle, exchange, compromise, modify, extend or grant indulgences with respect to (i) this Note, (ii) any of the Loan Documents, and/or (iii) all or any part of any Collateral or security for this Note; and/or (iv) any Obligor; (b) complete any blank space in this Note according to the terms upon which the Loan evidenced hereby is made; and (c) grant any extension or other postponements of the time of payment hereof.

**22. Choice of Law: Forum Selection: Consent to Jurisdiction.** This Note shall be governed by, construed and interpreted in accordance with the laws of the State of New York (excluding the choice of law rules thereof). Borrower hereby irrevocably submits to the jurisdiction of any New York court or federal court sitting in the State of New York in any action or proceeding arising out of or relating to this Note, and hereby irrevocably waives any objection to the laying of venue of any such action or proceeding in any such court and any claim that any such action or proceeding has been brought in an inconvenient forum. A final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

**23. Subsequent Holders.** In the event that any holder of this Note transfers this Note for value, Borrower agrees that except with respect to a subsequent holder with actual knowledge of a claim or defense, no subsequent holder of this Note shall be subject to any claims or defenses which Borrower may have against a prior holder (which claims or defenses are not waived as to prior holder), all of which are waived as to the subsequent holder, and that all such subsequent holders shall have all of the rights of a holder in due course with respect to Borrower even though the subsequent holder may not qualify, under applicable law, absent this paragraph, as a holder in due course.

**24. Invalidity of Any Part.** If any provision or part of any provision of this Note shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision (or any remaining part of any provision) of this Note, and this Note shall be construed as if such invalid, illegal or unenforceable provision (or part thereof) had never been contained in this Note, but only to the extent of its invalidity, illegality, or unenforceability. In any event, if any such provision pertains to the repayment of the Obligations evidenced by this Note, then and in such event, at Bank's option, the outstanding principal balance of this Note, together with all accrued and unpaid interest thereon, shall become immediately due and payable.

**25. WAIVER OF JURY TRIAL. BORROWER HEREBY (i) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY A JURY, AND (ii) WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH BANK AND BORROWER MAY BE PARTIES ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY PERTAINING TO THIS NOTE, ANY OF THE LOAN DOCUMENTS AND/OR ANY TRANSACTIONS, OCCURRENCES, COMMUNICATIONS, OR UNDERSTANDINGS (OR THE LACK OF ANY OF THE FOREGOING) RELATING IN ANY WAY TO BORROWER-BANK RELATIONSHIP BETWEEN THE PARTIES. IT IS UNDERSTOOD AND AGREED THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS NOTE. THIS WAIVER OF JURY TRIAL IS SEPARATELY GIVEN, KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY BORROWER AND BORROWER HEREBY AGREES THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. BANK IS HEREBY AUTHORIZED TO SUBMIT THIS NOTE TO ANY COURT HAVING JURISDICTION OVER THE SUBJECT MATTER AND BORROWER SO AS TO SERVE AS CONCLUSIVE EVIDENCE OF SUCH WAIVER OF RIGHT TO TRIAL BY JURY. BORROWER REPRESENTS AND WARRANTS THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS NOTE AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND/OR THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.**

**26. Intentionally Omitted.**

**27. Indemnification.** The Borrower agrees: (i) to pay and reimburse Bank for all of its reasonable and documented out-of-pocket costs and expenses incurred in connection with the preparation and execution of, and any amendment, supplement or modification to, this Note and the other Loan Documents, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees, disbursements and other charges of internal and external counsel, (ii) to pay and reimburse Bank for reasonable and documented out-of-pocket costs and expenses incurred in connection with the enforcement or preservation of any rights under this Note and the other Loan Documents including the reasonable fees, disbursements and other charges of its counsel, whether internal or external, (iii) to pay, indemnify and hold harmless the Bank and its directors, officers and agents (each, an “Indemnified Party” and collectively, “Indemnified Parties”) from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including reasonable and documented fees, disbursements and other charges of internal or external counsel for all Indemnified Parties in connection with the execution, delivery, enforcement, performance and administration of this Note or the Loan Documents or the use of the proceeds thereof, including any of the foregoing relating to the violation of, noncompliance with or liability applicable to the operations of the Borrower or any of its subsidiaries; provided that the Borrower shall have no obligation hereunder to any Indemnified Party with respect to damages caused directly by the gross negligence or willful misconduct of such Indemnified Party as determined by a non-appealable final judgment.

**28. Miscellaneous.** Time is of the essence under this Note. The paragraph headings of this Note are for convenience only, and shall not limit or otherwise affect any of the terms hereof. This Note and the other Loan Documents, if any, constitute the entire agreement between the parties with respect to their subject matter and supersede all prior letters, representations, or agreements, oral or written, with respect thereto. No modification, release, or waiver of this Note shall be deemed to be made by Bank unless in writing signed by Bank, and each such waiver, if any, shall apply only with respect to the specific instance involved. No course of dealing or conduct shall be effective to modify, release or waive any provisions of this Note or any of the other Loan Documents. Borrower acknowledges that this Note is an instrument for the payment of money only within the meaning of Section 3213 of the New York Civil Practice Law & Rules. This Note shall inure to the benefit of and be enforceable by Bank and Bank’s successors and assigns and any other person to whom Bank may grant an interest in the obligations evidenced by this Note and shall be binding upon and enforceable against Borrower and Borrower’s successors and assigns it being understood that Borrower may not assign this Note without the prior written consent of Bank. Borrower agrees that Bank may at any time sell, assign, transfer, hypothecate or pledge one or more interests or participations in all or any part of its rights and obligations in this Note. Whenever used herein, the singular number shall include the plural, the plural the singular, and the use of the masculine, feminine, or neuter gender shall include all genders.



**Borrower:**

**CORONADO BIOSCIENCES, INC.**

By: /s/ Lindsay Rosenwald  
Name: Lindsay Rosenwald  
Title: CEO

ASSIGNMENT AND PLEDGE OF MONEY MARKET ACCOUNT

**THIS ASSIGNMENT AND PLEDGE** (this "Assignment") made on February 13, 2014 by Coronado Biosciences, Inc (hereinafter the "Assignor") to Israel Discount Bank of New York (hereinafter the "Assignee").

**WHEREAS,**

A. In consideration of letters of credit, advances, loans, extension of credit, overdrafts, renewals, acquisition of notes and other instruments for payment of money and any security documents relative thereto or security agreements, conditional contracts of sale, chattel mortgages, leases and other liens or security instruments or an interest or participation therein, due or to become due, heretofore made to or for account of Coronado Biosciences, Inc (hereinafter the "Borrower") and/or now or hereafter to be made directly, or indirectly, to or for the account of the Borrower and/or the granting to or for the account of the Borrower of such extensions, forbearances, releases of collateral or other relinquishments of legal rights and/or extending any other financial accommodation or benefit to the Borrower, as the Assignee may deem advisable (the "Indebtedness"); and

B. The Assignor has on deposit with the Assignee the principal amount of \$15,000,000.00 currently maintained in a Money Market Account (hereinafter referred to as the "MMA", which term shall include all proceeds thereof, renewals or extensions of, reductions in or increases to, replacement of such account with a MMA or MMAs, and interest earned in the MMA); and

C. The Assignor has agreed to assign and pledge to the Assignee, its respective successors and assigns, as security for the repayment of the Indebtedness to the Assignee, under that certain Promissory Note dated of even date herewith by Assignor in favor of Assignee (the "Note") and any renewal, extension, or replacement thereof, the Assignor's interest in the MMA, including all rights of control over the MMA.

**NOW THEREFORE**, the Assignor, in consideration of ONE DOLLAR (\$1.00) and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, has irrevocably assigned, pledged, transferred and set over and by this instrument does irrevocably sell, assign, transfer, set over, pledge and grant a security interest in and unto the Assignee, and unto Assignee's successors and assigns, all of the right, title and interest of the Assignor to the MMA including all control of the Assignor over the MMA, including, without limitation, any extension, renewal, redesignation, renumbering or replacement thereof, as well as the proceeds of such MMA, regardless of the nature of the MMA or product into which such proceeds may be transferred.

The Assignor does hereby warrant and represent that (i) the Assignor is the sole owner of the MMA with full authority to assign the same, and that (ii) as of the effective time of the Assignor's incurrence of Indebtedness to Assignee under the Note the Assignor will not have assigned nor pledged, and hereby covenants that the Assignor will not assign or pledge, so long as this Assignment shall remain in effect, any of the Assignor's rights, title or interest in or to, or control over the MMA to any party other than the Assignee, its successors or assigns.

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The Assignor hereby irrevocably authorizes and directs the Assignee to block and note on Assignor's books that the MMA is the property of the Assignee and that no withdrawal of the said MMA may be made except upon the prior written consent or instructions of the Assignee and furthermore, to pay to the Assignee, all monies in the MMA, up to the amount of the Indebtedness under the Note as and when due to the Assignor, or to pay said amount upon the demand of the Assignee, whether at maturity, or prior to the maturity of the MMA, and upon receipt of such notice or demand to draw to the order of the Assignee any and all checks and other instruments for the payment of the monies and claims assigned hereby, and to accept the receipts of the Assignee therefor.

The Assignor hereby irrevocably constitutes the Assignee, its successors and assigns, as the Assignor's true and lawful attorney, with full power, in the name of the Assignor, or otherwise, to demand, receive and collect, and to give acquittance for the payment of any and all monies or claims from monies or rights assigned hereby in and to the MMA, to file any claims and to commence, maintain or discontinue any actions, suits or other proceedings which the Assignee deems advisable in order to collect or enforce payment of any such monies, to settle, adjust and compromise any and all disputes or claims in respect of such monies, and to endorse any and all checks, drafts or other orders or instruments for the payment of monies payable to the Assignor which shall be issued in respect of such monies, but the Assignee is not obligated in any manner to make any inquiry as to the nature or sufficiency of any payment received by it or to take any of the actions hereinabove authorized, nor will the Assignee be deemed to have waived any of its rights hereunder by the failure to take any of the actions hereinabove authorized. Further, in the absence of written direction by Assignor, upon the maturity or call of the MMA, the Assignor irrevocably authorizes and appoints the Assignee to deposit or transfer the proceeds from such MMA into such other Money Market Account, MMA or other product offered by or available to the Assignee as the Assignee may select in its sole and absolute discretion.

The Assignor covenants and agrees that (i) the Assignor will promptly deliver to the Assignee the certificate(s) of deposit, receipt(s) or other document(s) evidencing the MMA and all certificate(s) of deposit, receipt(s) or other document(s) representing renewals or extensions, if any, thereof, (ii) the Assignor will not take any action which might result in the impairment of any right, title, interest or control assigned hereby, (iii) the Assignor will clearly record on the Assignor's books and records annotations of this Assignment, and (iv) in the event that the Assignor receives payment of any monies hereby assigned whether at maturity, or prior to maturity, of the MMA, which would cause the balance of the MMA to be less than the Indebtedness under the Note the Assignor will forthwith turn over the same to the Assignee for the benefit of the Assignee in the identical form in which received (except for such endorsements as may be required thereon) and, until so turned over, hold the same in trust for the Assignee.

The Assignor hereby irrevocably authorizes the Assignee, at the Assignor's expense, to file such financing statements and give such notices relating to this Assignment, without the Assignor's signature, as the Assignee at its option may deem appropriate, and irrevocably appoints the Assignee as the Assignor's attorney-in-fact to execute any such financing statements or notices in the Assignor's name and to perform all other acts which the Assignee deems appropriate to perfect and continue the security interest conferred hereby.

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The Assignor agrees that Assignor will execute and deliver such further documents and do such other acts and things as the Assignee may from time to time request in order to further effect the purpose of this Assignment.

This Assignment shall be binding upon the Assignor's respective estate, heirs, executors, administrators, successors and assigns and shall inure to the benefit of the Assignee and its respective successors and assigns.

The Assignee undertakes that upon full payment of the Indebtedness under the Note, and upon request by the Assignor, it shall reassign to the Assignor, at the Assignor's expense and without recourse, representation or warranty, all rights assigned to the Assignee pursuant to this Assignment.

The powers and authority granted to the Assignee herein have been given for valuable consideration and are hereby declared to be irrevocable.

This instrument shall be governed by and construed in accordance with the internal laws of the State of New York and may not be modified except by written instruments signed by the Assignee. The Assignor hereby waives the right to trial by jury in any action or proceeding with respect to or arising under this Assignment.

**IN WITNESS WHEREOF**, the Assignor has caused this Assignment to be executed on the day and year first above written.

By: /s/ Lindsay Rosenwald  
Name: Lindsay Rosenwald

PURPOSE OF ASSIGNMENT AND PLEDGE:	Collateral Security
BORROWER'S NAME:	_____
AMOUNT ASSIGNED/PLEDGED:	\$ _____ <u>plus interest thereon and additions thereto</u>

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