

October 10, 2018

e-mail: gberman@dsi.biz

To the Creditors of:

COHERA MEDICAL, INC.
A Delaware Corporation
227 Fayetteville Street, Suite 900
Raleigh, North Carolina 27601

RE: NOTICE OF COMMENCEMENT OF GENERAL
ASSIGNMENT FOR THE BENEFIT OF CREDITORS

Dear Sir or Madam:

Please be advised that Cohera Medical, Inc. (“Cohera”) executed a general assignment for the benefit of creditors (the “Assignment”) in favor of DSI Assignments, LLC, (the “Assignee”) in accordance with the applicable provisions of Delaware law governing General Assignments for the Benefit of Creditors, 10 *Del. C.* §7381, *et. seq.* The Petition commencing the Assignment was filed with the Court of Chancery on October 4, 2018. A copy of the Petition, Trust Agreement and General Assignment for the Benefit of Creditors are attached for your information.

Cohera received FDA approval to sell TissuGlu for use in abdominoplasty procedures in mid-2015. Following this approval, in October 2015 Cohera closed its investment round. The capital raised was to be used primarily for the commercialization of TissuGlu and the continued development of our second product, Syllys. The costs of trying to sell TissuGlu significantly exceeded sales as it took the company longer to educate the market about the benefits of using TissuGlu.

Sales of the TissuGlu product were also constrained because initially the FDA had only given its permission for it to be used in abdominoplasty procedures. As part of Cohera’s funding round, certain of the capital raised was used to conduct further clinical trials to achieve FDA approval for the expanded use of TissuGlu in other large flap procedures. However, the company did not receive approval from the FDA for the indication expansion, which was vital to its long-term sales strategy.

In mid-2017, the decision was made to accelerate spending on the Syllys product. Syllys was the first sealant for anastomosis in the bowel (re-connection of bowel tissue), which Cohera believed to have significant market potential. Human clinical trials were conducted in 2018; animal studies had previously proven to be successful. However, in the initial human trial conducted in the Netherlands, difficulties were discovered in application that led to incomplete coverage, resulting in lack of effectiveness. A second trial also resulted in no improvement in the rate of anastomotic leaks, and the trial was terminated.

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Management has advised the Assignee that it has continuously evaluated strategic partnerships including potentially a sale transaction. During 2018, management searched for a buyer or strategic partner. Unfortunately, as the company ran low on cash and personnel departed, Cohera was unable to make further investments in its products, which hindered its ability to find a buyer for the business.

As of the date of the Assignment, Cohera owed in excess of \$7.5 million under a secured credit facility provided by KKR Chrome Investors L.P. ("KKR"). The Assignee will be confirming the validity of the KKR security interest as part of its work in administering the Assignment. KKR has however consented to the use of its alleged collateral during the administration of the Assignment.


The Assignee has retained Polsinelli, P.C. to serve as its counsel, and other professionals may be retained as become necessary. Randye Soref and Chris Ward of that firm are the primary lawyers who will be advising the Assignee.

Attached to this notice is an Affidavit of Claim form that must be completed and returned to the Assignee, at its Chicago, IL offices (the address is on the form) no later than **January 4, 2019** along with any documents supporting your claim. Creditors who fail to file their Affidavit of Claim by January 4, 2019 may not be entitled to share in any distribution on account of unsecured claims arising out of the liquidation of Cohera's assets to the extent there is any value beyond KKR's claims. The filing of an Affidavit of Claim does not guaranty that there will in fact be a recovery for unsecured creditors.

Please feel free to contact Steve Victor (svictor@dsi.biz) or William G. Brandt (wgbrandt@dsi.biz) by e-mail or telephone at (312) 263-4141, the undersigned (gberman@dsi.biz) or by telephone at (213) 617-2717. Ms. Soref can be reached at rsoref@polsinelli.com, and Mr. Ward at cward@polsinelli.com if you have any questions regarding the Assignment.

Very truly yours,

DSI Assignments, LLC, solely in its capacity as Assignee
for the benefit of creditors of Cohera, Medical, Inc.

By 
Geoffrey L. Berman, Senior Managing Director
Development Specialists, Inc., the sole and managing member

Enclosures