



Converted Organics Announces that PharmaSphere Systems, LLC Agrees to License Its System to Grow Medical Marijuana for Rhode Island Non-Profit

Company's Patented Technology Will Allow Medical Marijuana to be Produced Locally in Rhode Island, at Greater Production Yields and Reduced Unit Costs

BOSTON, Aug 3, 2010 (GlobeNewswire via COMTEX News Network) -- Converted Organics Inc. (Nasdaq:COIN) announced today that PharmaSphere Systems, LLC has entered into a Term Sheet and Memorandum of Understanding with Innovative Solutions for Non-Profits, Inc. for the license of PharmaSphere's growing systems for a proposed medical marijuana facility in Providence, Rhode Island.

PharmaSphere Systems, LLC is a biotechnology company that expects to produce and market high-value, plant-based compounds to the pharmaceutical, nutraceutical, and cosmeceutical markets through the use of TerraSphere Systems, LLC patented vertical farming technology. The growing systems offer a secure, accountable method for the cultivation of medical marijuana in a controlled, fully contained environment.

Rhode-Island based Innovative Solutions for Non-Profits, Inc., is an organization focused on providing technical and financial support to local non-profit businesses that has applied for a license to grow medical marijuana at a facility in Rhode Island. Innovative Solutions expects to receive its growing license from the state of Rhode Island in September, 2010.

14 states across the U.S. have already approved the use of medical marijuana, and several others are in the process of licensing "compassion centers" for the purpose of providing patients with access to this treatment. The State of Rhode Island alone estimates that it has issued over 1,500 medical marijuana use permits, with the number of permits expected to double in the next 18 months. The Rhode Island medical marijuana program includes 8 diseases and 5 qualifying conditions including: Alzheimer's, HIV/AIDS, Cancer, Crohn's, Epilepsy, Glaucoma, Hepatitis C, Multiple Sclerosis, or any debilitating, chronic condition that produces spasms, wasting, seizures or severe pain or nausea. Under the program, each patient is authorized to purchase up to 2.5 ounces of medical marijuana per month.

"PharmaSphere brings a great deal of control and security to the pharmaceutical industry and we look forward to doing the same in the medical marijuana space, providing licensees with the same accountability, containment, traceability, purity and pharmaceutical drug-level control standards that are required in the production of other medicines. Additionally, PharmaSphere's highly efficient growth systems provide accelerated growing cycles, while using best green practices to produce pesticide, and chemical-free crops, grown in facilities capable of factory scale farming," said David Darlington, CEO of PharmaSphere Systems, LLC. "Our fully-contained system meets all current state-level regulations for the growth of medical marijuana, and we believe it represents an ideal solution for state-licensed organizations to grow the product in a safe, secure, fully-controlled environment. We view this collaboration with Innovative Solutions for Non-Profits as an important first step toward increasing the availability of medical marijuana for patients suffering from serious diseases."

"We believe that licensing and implementing PharmaSphere's technology will prove to be beneficial for Innovative Solutions as we work toward the launch of our first facility. PharmaSphere's patented system and relationships with research scientists and institutions will allow us to offer clients a safe, high-quality product that will help improve quality of life for those who need it most," added William Walter, President and CEO of Innovative Solutions for Non-Profits, Inc.

PharmaSphere is a wholly owned subsidiary of TerraSphere Systems, LLC. On July 6, 2010, Converted Organics Inc., a Boston based company, entered into an agreement to acquire TerraSphere Systems, LLC. This acquisition, which is pending approval of Converted Organics' shareholders, is expected to occur in August 2010 and will strengthen the green-business portfolio and collective market-strength of Converted Organics, and also give PharmaSphere the benefit of functioning under a publicly-traded company, with greater potential for gains in investment capital and growth.

About PharmaSphere Systems, LLC

PharmaSphere Systems, LLC is a biotechnology company that owns a perpetual worldwide license to utilize TerraSphere Systems technology to produce high-value, plant-based biocompounds for pharmaceutical, cosmeceutical and nutraceutical markets. Using the TerraSphere System allows PharmaSphere to achieve full environmental containment and controlled growth

conditions, which result in increased production and reduced per-unit costs compared to traditional production methods. The use of the TerraSphere growth system also gives PharmaSphere Systems, LLC a market advantage through the unprecedented level of control and trace capabilities.

About Terrasphere Systems, LLC

TerraSphere Systems (www.terraspheresystems.com) is dedicated to building highly efficient systems for growing pesticide-free fruits and vegetables in a controlled indoor environment. TerraSphere's clean technology helps to promote the sustainable consumption of natural resources by accelerating plant production and maximizing crop yields, while improving environmental footprints through the reduction of carbon emissions and fuel use associated with traditional crop production and distribution. TerraSphere's unique, environmentally and socially-responsible business model helps to facilitate job creation and diverse, community-based workforces. TerraSphere believes its technology can potentially revolutionize access to organic produce for both remote and urban communities, alleviate land management issues for agricultural producers, and ease hunger crises for the world's growing population

About Converted Organics Inc.:

Converted Organics (Nasdaq:COIN) (www.convertedorganics.com), based in Boston, MA, is dedicated to producing high-quality, all-natural, organic soil amendment and fertilizer products through food waste recycling. The Company uses its proprietary High Temperature Liquid Composting (HTLC) system, a proven, state-of-the-art microbial digestion technology, to process various biodegradable food wastes into dry pellet and liquid concentrate organic fertilizers that help grow healthier food and improve environmental quality. Converted Organics sells and distributes its environmentally-friendly fertilizer products in the retail, professional turf management, and agribusiness markets.

The Converted Organics Inc. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=7431>

About Innovative Solutions for Non-Profits, Inc.

Innovative Solutions for Non-Profits, Inc. (<http://isn-p.org/Home.htm>), based in Providence, RI, provides technical support to Rhode Island charitable organizations interested in merging. The company evaluates benefits and costs for potential merging opportunities, and also assists in seeking merging partners and aiding in negotiations and conciliations.

This press release contains forward-looking statements that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. In some cases, you may identify forward-looking statements by words such as "may," "should," "plan," "intend," "potential," "continue," "believe," "expect," "predict," "anticipate" and "estimate," the negative of these words or other comparable words. These statements are only predictions. One should not place undue reliance on these forward-looking statements. The forward-looking statements are qualified by their terms and/or important factors, many of which are outside the Company's control, involve a number of risks, uncertainties and other factors that could cause actual results and events to differ materially from the statements made. The forward-looking statements are based on the Company's beliefs, assumptions and expectations of our future performance, taking into account information currently available to the Company. These beliefs, assumptions and expectations can change as a result of many possible events or factors, including those events and factors, not all of which are known to the company, described most recently in the "Risk Factors" section in the Company's most recently filed annual report on Form 10-K. Neither the Company nor any other person assumes responsibility for the accuracy or completeness of these statements. The Company will update the information in this press release only to the extent required under applicable securities laws. If a change occurs, the company's business, financial condition, liquidity and results of operations may vary materially from those expressed in the aforementioned forward-looking statements.

COIN-G

This news release was distributed by GlobeNewswire, www.globenewswire.com

SOURCE: Converted Organics Inc.

CONTACT: The Piacente Group, Inc.

Investor Contact:

Investor Relations

Lee Roth

212-481-2050

COIN@tpg-ir.com

PR Financial Marketing

Investor Contact:

Jim Blackman
713-256-0369
jim@prfmonline.com

(C) Copyright 2010 GlobeNewswire, Inc. All rights reserved.

News Provided by COMTEX