

_____% CONVERTIBLE NOTE

Principal Amount: USD \$ _____

Issue Date: _____

_____ [insert name of maker of the note], a company organized under the laws of the State of _____ with its registered office at the offices of _____, Attorneys-at-Law, _____ [address] ("Obligor"), which term, as used herein, shall include any successor thereto), FOR VALUE RECEIVED, hereby executes and delivers this ____% Convertible Note in favor of _____ [insert name of holder of the note], a corporation organized under the laws of the State of _____ ("Holder"), and hereby promises to pay to Holder, its designees or its successors and permitted assigns, the principal sum of _____ Dollars (USD \$_____) (the "Principal Amount") on the Maturity Date (as defined below), together with accrued and unpaid interest through and including such date as herein provided at a rate of __ percent (____%) per annum, compounded semiannually on each June 30 and December 31 occurring through the Maturity Date.

This Convertible Note is issued in connection with the transactions described in that certain Note Purchase Agreement, dated as of the date hereof, between Obligor and Holder (the "Purchase Agreement"). Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months for the actual number of days elapsed.

Capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed to such terms in Section 14.

1. Maturity Date

The then outstanding Principal Amount, together with accrued and unpaid interest thereon as set forth above (subject to Section 7), shall become due and payable on the ____ anniversary of the Issue Date (the "Maturity Date").

2. Acceleration

Notwithstanding any provision hereof to the contrary, the obligations of Obligor hereunder shall forthwith mature and immediately accelerate and shall be immediately due and payable on the Default Date (as hereinafter defined) in the event that:

- (a) the business of Obligor is discontinued, sold, liquidated or otherwise disposed of, whether by liquidation or dissolution, or
- (b) Obligor shall take, or intends to take, or, as far as Obligor is aware, any other person shall receive a judgment, order or decree from a court of competent jurisdiction, in each case, for the Obligor's winding up, liquidation, dissolution, merger or consolidation that is not pursuant to an agreement between Obligor and Holder, or for the appointment of a receiver in relation to any or all of Obligor's assets, or Obligor shall admit in writing its inability to pay its debts as they become due or shall commit any other act of insolvency (each a "Default Event").

The date on which any Default Event occurs is referred to herein as the "Default Date."

3. No Prepayments

Neither the Principal Amount nor any interest accrued on this Convertible Note may be prepaid by Obligor, except as provided in Section 7.

4. Method of Payment

Obligor shall pay all amounts payable under this Convertible Note by [direct deposit / wire transfer of funds] to an account designated by Holder or, if no account has been designated, by certified check delivered to Holder at such place as Holder shall designate to Obligor in writing.

5. Presentment Waived

Obligor hereby expressly waives presentment for payment, demand, notice of dishonor, protest and notice of protest. Acceptance by Holder of any payment that is less than the full amount then due and owing hereunder shall not constitute a waiver of Holder's right to receive payment in full at such time or at any prior or subsequent time.

6. Subordination

Prior to the Maturity Date, except for the obligations of Obligor upon any conversion of the Principal Amount in accordance with the terms of this Convertible Note, all indebtedness evidenced by this Convertible Note (the "Subordinated Indebtedness") shall be subordinated to all other indebtedness of Obligor, whether existing as of the Issue Date or incurred at any time after the Issue Date (the "Senior Indebtedness"), and in that connection, prior to the Maturity Date, except for the obligations of Obligor upon any conversion of the Principal Amount in accordance with the terms of this Convertible Note:

- (a) the payment of the Subordinated Indebtedness shall be subordinated to all and any rights, claims and actions which any other person may now or hereafter have against Obligor in respect of the Senior Indebtedness;
- (b) the Subordinated Indebtedness shall not become capable of being subject to any right of set-off or counterclaim; and
- (c) except upon the Maturity Date, upon the acceleration pursuant to Section 2, or upon the conversion of the Principal Amount in accordance with the terms of this Convertible Note, Holder shall not claim, request, demand, sue for, take or receive (whether by way of set-off or in any other manner and whether from Obligor or any other person) any money or other property in respect of the Subordinated Indebtedness or any part thereof.

7. Conversion Rights

- (a) *Optional Conversion.* At any time prior to the Maturity Date, at the option of Holder in its sole discretion, all or any portion of the then outstanding Principal Amount of this Convertible Note may be converted (an "Optional Conversion") into a number of Shares (the "Optional Conversion Shares") equal to the amount of the then outstanding Principal Amount to be converted divided by the Conversion Price. Notwithstanding the foregoing, Holder shall be entitled to a total of _____ [*insert total number of conversions*] Optional Conversions, each in an amount of not less than \$_____.