

- Make any loans or investments [in an aggregate amount exceeding \$_____] [other than in the ordinary course of business]
- incur any lien or make any negative pledge, other than mechanics' liens in favor of suppliers incurred in the ordinary course of business
- incur any additional indebtedness, including guaranties, sale-leasebacks, and other contingent obligations [in an aggregate amount exceeding \$_____] [other than in the ordinary course of business]
- engage in any transactions with insiders or their affiliates [, except for [OUTLINE EXCEPTIONS HERE]]
- increase the size of its Board of Directors beyond [BOARD SIZE MAX] members
- increase the annual cash compensation for any employee beyond \$[CASH COMPENSATION MAX] or by more than [COMPENSATION MAX %]% over the previous year

Events of Default: The Note will include events of default customary for financings of this type, including but not limited to the following.

Automatic events of default will give rise to a default upon their occurrence:

- failure to pay interest or principal when due
- the Issuer's voluntary or involuntary bankruptcy or insolvency
- any default by the Issuer under other material indebtedness

The following events of default trigger the [Purchaser's] right [of Note holders representing [a majority] [__%] of the outstanding principal and interest on the Notes] to declare a default:

- covenant violation
- inaccurate reps and warranties
- material legal judgment against the Issuer [, including [final and unappealable] invalidation of key patent claims by a court of law]
- default under a material contract

[Closing Conditions: The parties' obligation to close will be contingent on customary conditions for a financing of this type, including [satisfactory completion of the