

Form: Stock Subscription Package

Description: Several forms to be used in connection with larger private placement stock offerings

THE MATERIALS CONTAINED HEREIN ARE NOT AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES. OFFERS FOR SALE OF SECURITIES OF THE COMPANY MAY BE MADE ONLY THROUGH THE PRIVATE PLACEMENT MEMORANDUM TO QUALIFIED PERSONS.

SUBSCRIPTION PACKAGE

[NAME OF COMPANY]

COMMON STOCK

INSTRUCTIONS FOR SUBSCRIPTION

This Subscription Package for shares of Common Stock (the "Shares") of
[] (the "Company") contains the following documents:

1. SUBSCRIPTION AGREEMENT
2. CONFIDENTIAL STATEMENT OF INVESTOR SUITABILITY
3. SIGNATURE PAGE
4. RIGHT OF FIRST REFUSAL AGREEMENT

1. All investors must review the Subscription Agreement.
2. All investors must complete the Confidential Statement of Investor Suitability.
3. The Signature Page, representing the signature page for the Subscription Agreement and the Confidential Statement of Investor Suitability, must be completed and executed by each person purchasing Shares.
4. All investors and their spouses must execute the Right of First Refusal Agreement.
5. Any persons employing a purchaser representative must have him or her complete a Purchaser Representative Questionnaire (separately available from the Company), and the investor must execute the Acknowledgement at the end of that form.
6. Payment. All subscriptions must be accompanied by a check in the amount of \$_____ per Share. The check must be payable to the Company.

WHERE TO SEND DOCUMENTS:

All of the appropriate documents should be delivered to the Company at the address shown below. Please keep one copy for your files. Any questions concerning the completion or delivery of the documents contained in this Subscription Package may be directed to _____, _____ at (____) ____-____.

Failure to comply with the above will constitute an invalid subscription and, if not correct, may result in the rejection of your subscription request. Time is of the essence.

ALL INFORMATION REQUESTED MUST BE COMPLETED

**[TO BE REVIEWED BY
ALL INVESTORS]**

SUBSCRIPTION AGREEMENT

The undersigned hereby offers to subscribe for the number of shares of Common Stock (the "Shares") of _____ (the "Company") set forth on the signature page of this Subscription Agreement at a price of \$_____ per Share.

By execution of this Subscription Agreement, the undersigned hereby acknowledges that the undersigned understands that the Company is relying upon the accuracy and completeness hereof in complying with its obligations under applicable federal and state securities laws. The undersigned further acknowledges and certifies that the undersigned received and read the Private Placement Memorandum of the Company dated _____ and any supplements thereto (the "Private Placement Memorandum"), and the undersigned is familiar with the terms and provisions thereof.

The undersigned agrees and represents as follows:

1. Representations, Warranties and Agreements.

The undersigned hereby represents and warrants to, and agrees with, the Company, as follows:

(a) That the undersigned is aware of the following:

(1) The Shares are speculative investments which involve a substantial degree of risk of loss by the undersigned of the undersigned's entire investment in the Company and that the undersigned understands and takes full cognizance of the risk factors related to the purchase of the Shares, including, but not limited to those set forth in the Private Placement Memorandum under the caption ["Certain Risk Factors"];

(2) The Company has been operating at a loss and may do so for the foreseeable future.

(3) There are significant restrictions on the transferability of the Shares; the Shares will not be, and the investors will have no rights to require that the Shares be registered under the Securities Act of 1933 (the "Act") or any state securities laws; there is no public market for the Shares and none is expected to develop; and, accordingly, it may not be possible for the undersigned to liquidate the undersigned's investment in the Company;

(4) No federal or state agency has made any findings as to the fairness of the terms of the offering; and

(5) Any projections or predictions that may have been made available to investors are based on estimates, assumptions and forecasts which may prove to be incorrect; and no assurance is given that actual results will correspond with the results contemplated by the various projections;

(b) That at no time has it been explicitly or implicitly represented, guaranteed or warranted to the undersigned by the Company, the agents and employees of the Company, or any other person:

(1) That the undersigned will or will not have to remain as owner of the Shares an exact or approximate length of time;

(2) That a percentage of profit and/or amount or type of consideration will be realized as a result of this investment;

(3) That any cash dividends from Company operations or otherwise will be made to shareholders by any specific date or will be made at all; or

(4) That any specific tax benefits will accrue as a result of an investment in the Company;

(c) That the address set forth below is the undersigned's true and correct residence or place of business;

(d) That the undersigned is financially responsible, able to meet all obligations hereunder, and acknowledges that this investment will be long-term and is by nature speculative;

(e) That the undersigned has received and carefully read and is familiar with the Private Placement Memorandum, this Subscription Agreement, the Right of First Refusal Agreement, and all other documents in connection therewith, and the undersigned confirms that all documents, records and books pertaining to the investment in the Company have been made available to the undersigned and/or to the undersigned's personal investment, tax and legal advisers, if such advisers were utilized by the undersigned;

(f) That the undersigned has relied only on the information contained in the Private Placement Memorandum and that no written or oral representation or information that is in any way inconsistent with the Private Placement Memorandum and has been made or furnished to the undersigned or to the undersigned's purchaser representative in connection with the offering of the Shares, and if so made, has not been relied upon;

(g) That the undersigned is capable of bearing the high degree of economic risks and burdens of this venture including, but not limited to, the possibility of complete loss of investment and the lack of a public market which may make it impossible to readily liquidate the investment whenever desired;

(h) That the undersigned is an "accredited investor" as that term is defined in Regulation D under the Act or is otherwise a sophisticated, knowledgeable investor (either alone or with the aid of a purchaser representative) with adequate net worth and income for this investment, and has completed truthfully the appropriate item(s) in the Confidential Statement of Investor Suitability;

(i) That the undersigned has knowledge and experience in financial and business matters (either alone or with the aid of a purchaser representative), is capable of evaluating the merits and risks of an investment in the Company and its proposed activities and has carefully considered the suitability of an investment in the Company for the undersigned's particular financial situation, and has determined that the Shares are a suitable investment;

(j) That the offer to sell Shares was communicated to the undersigned by the Company in such a manner that the undersigned was able to ask questions of and receive answers from the Company concerning the terms and conditions of this transaction and that at no time was the undersigned presented with or solicited by any leaflet, public promotional meeting, newspaper or magazine article, radio or television advertisement or any other form of advertising or general solicitation;

(k) That the Shares for which the undersigned hereby subscribes are being acquired solely for the undersigned's own account, for investment, and are not being purchased with a view to or for the resale, distribution, subdivision or fractionalization thereof; and the undersigned agrees that such Shares will not be sold without registration under the Act or an exemption therefrom. In furtherance thereof, the undersigned will not sell, hypothecate or otherwise transfer the undersigned's Shares unless the Shares are registered under the Act and qualified under applicable state securities laws or unless, in the opinion of the Company, an exemption from the registration requirements of the Act and such laws is available;

(l) That the undersigned has had prior personal or business relationships with the Company or its affiliates, or by reason of the undersigned's business or financial experience (either alone or with the aid of a purchaser representative), the undersigned has the capacity to protect the undersigned's own interest in connection with this transaction;

(m) That the undersigned has been advised to consult with the undersigned's own attorney regarding legal matters concerning an investment in the Company and has done so to the extent the undersigned considers necessary;

(n) That the undersigned will immediately notify the Company in writing of any change in any statement made herein or in the Confidential Statement of Investor Suitability, occurring prior to the undersigned's receipt of the Company's acceptance of this subscription;

(o) That the information which the undersigned has furnished herein and in the Confidential Statement of Investor Suitability is correct and complete as of the date of this Agreement and will be correct and complete upon the acceptance of the Shares subscribed for. The representations and warranties and agreements herein shall survive the acceptance of this subscription and may be relied upon by the Company and its officers, directors and affiliates;

(p) That the undersigned certifies, under penalty of perjury, (i) that the social security or Tax Identification Number shown on the Signature Page is true, correct and complete, and (ii) that the undersigned is not subject to backup withholding either because the undersigned has not been notified that the undersigned is subject to backup withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified the undersigned that the undersigned is no longer subject to backup withholding; and

(q) That the undersigned acknowledges that the Private Placement Memorandum reflects the Company's current intentions and estimates at the current time, and as with any developing company, the precise elements of the Company's plans can be expected to change from time to time.

2. Indemnification. The undersigned shall indemnify, defend and hold harmless the Company, and any officers, employees, shareholders, partners, agents, directors or controlling persons of the Company (collectively the "Indemnified Parties" and individually an "Indemnified Party") who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, against losses, liabilities and expenses of each Indemnified Party (including attorneys' fees, judgments, fines and amounts paid in settlement, payable as incurred) incurred by such person or entity in connection with such action, arbitration, suit or proceeding, by reason of or arising from (i) any misrepresentation or misstatement of facts or omission to represent or state facts made by the undersigned, including, without limitation, the information in this Subscription Agreement or in the Confidential Statement of Investor Suitability, or (ii) litigation or other proceeding brought by the undersigned against one or more Indemnified Party wherein the Indemnified Party is the prevailing party.

3. Entity Investors. If the undersigned is an entity, trust, pension fund or IRA account (an "Entity"), the Entity and the person signing on its behalf represent and warrant that: (i) such Entity is an existing entity, and has not been organized or reorganized for the purpose of making this investment (or if not true, such fact shall be disclosed to the Company in writing along with information concerning the beneficial owners of the Entity), (ii) the undersigned has the authority to execute this Subscription Agreement, the Confidential Statement of Investor Suitability, the Right of First Refusal Agreement and any other documents in connection with an investment in the Shares, on the Entity's behalf, (iii) the Entity has the power, right and authority to invest in the Shares and enter into the transactions contemplated thereby, and that the investment is suitable and appropriate for the Entity and its beneficiaries (given the risks and illiquid nature of the investment) and (iv) all documents executed by the entity in connection with the Company are valid and binding documents or agreements of the Entity enforceable in accordance with their terms.

4. Revocation. The undersigned agrees that the undersigned may not cancel, terminate or revoke the offer to subscribe for shares for a period of 120 days or any agreement hereunder at any time and that this Agreement shall survive the death or disability of the undersigned and shall be binding upon the undersigned's heirs, executors, administrators, beneficiaries, successors and assigns.

5. Certain Securities Law Matters.

(a) The Shares shall not be sold, assigned, transferred or pledged except upon satisfaction of the conditions specified in this Section 5, which conditions are intended to ensure compliance with the provisions of the Act. The undersigned will cause any proposed purchaser, assignee, transferee or pledge of the Shares held by the undersigned to agree to take and hold such securities subject to the provisions and conditions of this Section 5. There are further restrictions on transferability contained in the Right of First Refusal Agreement.

(b) Each certificate representing (i) the Shares and (ii) any other securities issued in respect of the Shares upon any stock split, stock dividend, recapitalization, merger, consolidation or similar event, shall (unless otherwise permitted by the provisions of Section 5(c) below) be stamped or otherwise imprinted with a legend substantially in the following form (in addition to any legend required under applicable state securities laws):

THE SHARES REPRESENTED BY THIS CERTIFICATE
HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE
NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF
1933. SUCH SHARES MAY NOT BE SOLD OR
TRANSFERRED IN THE ABSENCE OF SUCH
REGISTRATION OR UNLESS THE COMPANY RECEIVES
AN OPINION OF COUNSEL OR OTHER EVIDENCE
REASONABLY ACCEPTABLE TO IT STATING THAT SUCH
SALE OR TRANSFER IS EXEMPT FROM THE
REGISTRATION AND PROSPECTUS DELIVERY
REQUIREMENTS OF SAID ACT. COPIES OF THE
AGREEMENT COVERING THE PURCHASE OF THESE
SHARES AND RESTRICTING THEIR TRANSFER MAY BE
OBTAINED AT NO COST BY WRITTEN REQUEST MADE
BY THE HOLDER OF RECORD OF THIS CERTIFICATE TO
THE SECRETARY OF THE CORPORATION AT THE
PRINCIPAL EXECUTIVE OFFICES OF THE CORPORATION.

The undersigned consents to the Company making a notation on its records and giving instructions to any transfer agent of the Shares in order to implement the restrictions on transfer established in this Section 5.

(c) The undersigned agrees to comply in all respects with the provisions of this Section 5. Prior to any proposed sale, assignment, transfer or pledge of any Shares, unless there is in effect a registration statement under the Act covering the proposed transfer, the undersigned thereof shall give written notice to the Company of the undersigned's intention to effect such transfer, sale, assignment or pledge. Each such notice shall describe the manner and circumstances of the proposed transfer, sale, assignment or pledge in sufficient detail, and shall be accompanied, at the undersigned's expense by evidence satisfactory to the Company to the effect that the proposed transfer of the Shares may be effected without registration under the Act or applicable state securities law.

6. Right of First Refusal Agreement.

The undersigned shall execute and deliver along with this Subscription Agreement the Right of First Refusal Agreement included in the Subscription Package which agreement restricts the transfer, sale and assignment of the Shares, provides the Company with a right of first refusal in connection with any proposed sale, pledge or other transfer of the Shares, and certain other matters.

7. Miscellaneous.

(a) All notices or other communications given or made hereunder shall be in writing and shall be delivered or mailed by registered or certified mail, return receipt requested, postage prepaid, to the Company at the address set forth on the instructions page hereof and to the undersigned at the address set forth on the signature page hereof.

(b) This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to conflict of law principles.

(c) This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes any prior or contemporaneous understandings, representations, warranties or agreements (whether oral or written) and may be amended only by a writing executed by all parties.

(d) The undersigned acknowledges that the Company may, in its sole and absolute discretion, accept or reject this subscription offer in whole or in part.

8. Signature Page.

The signature page for this Subscription Agreement is located after the Confidential Statement of Investor Suitability.

Accepted by Company,

[NAME OF COMPANY]

By: _____

Name: _____

Title: _____

Dated: _____

**[TO BE COMPLETED BY
ALL INVESTORS]**

CONFIDENTIAL STATEMENT OF INVESTOR SUITABILITY

In order to comply with the requirements of federal and state securities laws, shares of the Company may be sold only to persons or entities meeting the suitability standards established by the Company.

The purpose of this Statement is to obtain information from each prospective investor relating to the investor's knowledge and experience in financial and business matters and to the investor's ability to bear the economic risks of the proposed investment. Such information is required in order to determine whether or not the suitability standards have been met by the prospective investor. Please answer questions concerning prior business and financial experience and investment decision-making in detail.

By signing this Statement you agree that it may be shown to such authorized persons as the Company may deem appropriate to establish that the offer and/or sale of this investment in the Company will not result in any violation of any laws or regulations of any jurisdiction.

A separate Statement must be completed for each co-owner of Shares, except that spouses may complete a joint Statement.

You make the following representations with the intent that they may be relied upon by the Company and other persons designated by the Company.

(Please Print or Type)

I. BIOGRAPHICAL INFORMATION (If Joint Subscriber, provide information for both.)

A. Name(s): _____ Birthdate _____
(Print)

_____ Birthdate _____
(Print)

B. State of Residency: _____

C. Employer or business association and position: _____

D. Business address and telephone no.: _____

E. Business and/or professional education and degrees:

<u>School</u>	<u>Location</u>	<u>Degree</u>	<u>Year Rec'd</u>

F. Employment during the past five years:

<u>Employer or other Association</u>	<u>Position, nature of responsibility</u>	<u>From</u>	<u>To</u>

(Attach additional sheets if necessary to fully answer any question.)

II. ACCREDITED INVESTOR STATUS

Please check or initial all that apply:

- ☐ The investor is a natural person whose net worth, or joint net worth with spouse, at the time of purchase, exceeds \$1,000,000 (including the value of home, home furnishings and automobiles).
- ☐ The investor is a natural person whose individual gross income (excluding that of spouse) exceeded \$200,000 in the last two calendar years, and who reasonably expects individual gross income exceeding \$200,000 in the current calendar year; or for such periods, the combined income of the investor with spouse exceeded and is expected to exceed \$300,000.
- ☐ The investor is a trust, and the grantor
- (i) has the power to revoke the trust at any time and regain title to the trust assets; and
- (ii) has an individual (or, together with his spouse a joint) net worth in excess of \$1,000,000, or had and expects to have a gross income (not including spouse's income) for the last two years and the current year in excess of \$200,000, or for such periods, had and expects to have all gross income including that of a spouse in excess of \$300,000.

- ☐ The investor (or beneficiary if IRA or pension money is invested) is an executive officer of the Company.
- ☐ The investor is a corporation or partnership with more than \$5 million in assets.
- ☐ The investor is otherwise an accredited investor as follows (please complete):
-

III. PRIOR INVESTMENT EXPERIENCE OF INVESTOR (OR TRUSTEE OR AUTHORIZED REPRESENTATIVE)

- A. Indicate by check mark which of the following categories best describes the extent of your prior experience in the areas of investment listed below:

	More than 5 years <u>Experience</u>	2 to 5 years <u>Experience</u>	1 year <u>Experience</u>	No <u>Experience</u>
Corporate Stocks	_____	_____	_____	_____
Corporate Bonds	_____	_____	_____	_____
Real Estate	_____	_____	_____	_____
Limited Partnerships	_____	_____	_____	_____
Stock in Privately Held Companies	_____	_____	_____	_____

- B. Do you make your own investment decisions with respect to the investments listed above?

Yes ____ No ____

- C. What are the principal sources of investment knowledge or advice? (check all that apply)

☐ First hand experience ☐ Financial publication
☐ Broker(s) ☐ Investment Adviser(s)
☐ Attorney(s) ☐ Accountant(s)

- D. Please briefly describe any additional investment experience in business ventures, experience with the Company or any other investment experience which would indicate your ability to evaluate an investment in this business venture.

IV. FINANCIAL AND INVESTMENT STATUS INFORMATION

A. Please indicate:

1. Your estimated net worth exclusive of principal residence, furnishings of principal residence and personal automobiles (computation of net worth may be accomplished with reference to fair market value of assets).

- ☐ More than \$5 million
- ☐ \$1,000,001 - \$4,999,999
- ☐ \$500,000 - \$999,000
- ☐ \$250,000 - \$499,000
- ☐ Under \$250,000

2. Your estimated net worth, including principal residence, furnishings of principal residence and personal automobiles (computation of the value of the subscriber's principal residence may be accomplished with reference to fair market value of residence).

- ☐ More than \$5 million
- ☐ \$1,000,001 - \$4,999,999
- ☐ \$500,000 - \$1,000,000
- ☐ \$250,000 - \$499,999
- ☐ Under \$250,000

B. Gross Income^{*}

Please provide your actual or projected individual annual adjusted gross income for the past two years, the current year and the next year.

^{*} Gross income for these purposes means adjusted gross income (as reported for federal income tax purposes) increased by the following amounts: (i) the amount of any tax exempt interest income received, (ii) the amount of losses claimed for depletion and (iii) any amount by which income from long term capital gains has been reduced in arriving at adjusted gross income pursuant to the provisions of Section 1202 of the Internal Revenue Code.

More than <u>\$200,000</u>	More than <u>\$150,000</u>	More than <u>\$100,000</u>	More than <u>\$50,000</u>
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[Year]_____

[Year]_____

[Current Year] _____[†]

C. Other Matters

Is an investment in the Company suitable and appropriate for you?

Yes _____ No _____

VI. SIGNATURE PAGE

The signature pages for this document is located on the following pages.

[†] Reasonably anticipated.

**[TO BE COMPLETED AND SIGNED BY
ALL INDIVIDUAL INVESTORS]**

**SIGNATURE PAGE
(For Individuals)**

This page constitutes the signature page for INDIVIDUALS for the following documents: (a) the Subscription Agreement and (b) the Confidential Statement of Investor Suitability. Execution of this Signature Page constitutes execution of such documents.

IN WITNESS WHEREOF, the undersigned has executed the Subscription Agreement and the Confidential Statement of Investor Suitability this____ day of_____, _____.

Signature of Investor

Signature of Spouse
(or Joint Investor, if any)

Print Name of Investor

Print Name of Spouse
(or Joint Investor, if any)

Social Security Number

Social Security Number of Spouse
(or Joint Investor, if any)

Address: _____

Address: _____

Dollar Amount of Shares Subscribed For: \$_____
(\$_____ per Share)

RIGHT OF FIRST REFUSAL AGREEMENT

This Right of First Refusal Agreement (this "Agreement") is made on the date written below, by and among _____, a California corporation (the "Company"), and the parties listed as signatories hereto (the "Holders").

In consideration of the mutual promises, covenants and conditions herein contained and for other good and valuable consideration, the parties hereto agree as follows:

1. Definitions. Certain terms used herein are defined as follows:

(a) "Board of Directors" means the Board of Directors of the Company and any committee thereof.

(b) "Immediate Family" means any spouse, child, grandchild, parent, brother, or sister of a Holder.

(c) "Shares" means any shares of capital stock of the Company or any securities convertible into or exchangeable for any class of capital stock of the Company and all securities into which such Shares may be converted or reclassified as a result of any merger, consolidation, stock split, stock dividend, or other recapitalization of the Company, whether now owned or hereafter acquired.

2. Restrictions on Transfer. No Holder may sell or engage in any transaction which has resulted in or will result in a change in the beneficial or record ownership of any Shares held by the Holder, including without limitation a voluntary or involuntary sale, assignment, transfer, pledge, hypothecation, encumbrance, disposal, loan, gift, attachment or levy (a "Transfer"), except as provided in this Agreement, and any such Transfer of Shares or attempted Transfer of Shares in contravention of this Agreement shall be void and ineffective for any purpose or confer on any transferee or purported transferee any rights whatsoever.

3. Right of First Refusal.

(a) Each time a Holder proposes to Transfer (or is required by operation of law or other involuntary transfer) any or all of the Shares standing in such Holder's name or owned by him or her during the term of this Agreement, such Holder shall first offer such Shares to the Company in accordance with the following provisions:

(i) Such Holder shall deliver a written notice (a "Notice") to the Company stating (A) such Holder's bona fide intention to Transfer such Shares, (B) the name and the address of the proposed transferee, (C) the number of Shares to be transferred, and (D) the purchase price per Share and terms of payment for which the Holder proposes to Transfer such Shares.

(ii) Within 90 days after receipt of the Notice, the Company or its designee shall have the first right to purchase or obtain such Shares, upon the price and terms of payment designated in the Notice. If the Notice provides for the payment of non-

cash consideration, the Company at its option may pay the consideration in cash equal to the Company's good faith estimate of the present fair market value of the non-cash consideration offered.

(iii) If the Company or its designee elects not to purchase or obtain all of the Shares designated in the selling Holder's Notice, then the Holder may Transfer the Shares referred to in the Notice to the proposed transferee, providing such Transfer (A) is completed within 30 days after the expiration of the Company's right to purchase or obtain such Shares, (B) is made at the price and terms designated in the Notice, and (C) the proposed Transferee agrees to be bound by the terms and provisions of this Agreement and to become a party to this Agreement immediately upon receipt of such Shares. If such Shares are not so transferred, the selling Holder must give notice in accordance with this paragraph prior to any other or subsequent Transfer of such Shares.

(b) Notwithstanding Section 3(a), a Holder may Transfer Shares: (i) to a member of the Holder's Immediate Family or to a trust established for the benefit of a member or members of the Holder's Immediate Family, (ii) to an affiliate or equity holder of the Holder, (iii) to a person who is a constituent partner of the Holder on the date hereof, or (iv) to the estate of any of the foregoing by gift, will or intestate succession; provided that the Holder or his representative notifies the Company of such Transfer not less than 10 nor more than 90 days prior to the Transfer and that the proposed transferee agrees to be bound by the terms and provisions of this Agreement and to become a party to this Agreement immediately upon the receipt of such Shares.

4. No Transfer to Competitors. A Holder may not Transfer any Shares to a competitor of the Company, or to any shareholder, partner or other beneficial holder of an equity ownership interest in a competitor, other than pursuant to a merger, combination, or other transaction approved by the Board of Directors.

5. California General Corporation Law. Notwithstanding any provisions to the contrary contained in this Agreement, the Company's obligations to pay or complete payment for any Shares to be purchased by it under this Agreement is subject to its being legally permitted to do so under the tests contained in Sections 500 and 501 of the California General Corporation Law or any successor statute applicable thereto.

6. Legend on Stock Certificates. Each certificate representing shares owned of record or beneficially by a party to this Agreement shall be endorsed with the following legend:

THE SHARES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO A RIGHT OF FIRST REFUSAL AGREEMENT BETWEEN THE ISSUER OF THE SHARES (THE "COMPANY") AND THE HOLDERS THAT ARE SIGNATORIES THERETO, PROVIDING FOR, AMONG OTHER MATTERS, THE COMPANY'S RIGHT OF FIRST REFUSAL TO PURCHASE THE SECURITIES REPRESENTED BY THIS CERTIFICATE. A COPY OF SUCH AGREEMENT IS ON FILE AT THE PRINCIPAL BUSINESS OFFICE OF THE COMPANY.

Under no circumstances shall any Transfer of any Shares subject hereto be valid until the proposed transferee thereof shall have executed and become a party to this Agreement and thereby shall have become subject to all of the provisions hereof; and notwithstanding any other provisions of this Agreement, no such Transfer of any kind shall in any event result in the non-applicability of the provisions hereof at any time to any of the Shares subject hereto.

7. Term of Agreement. The restrictions on Transfer of Shares set forth in this Agreement shall terminate upon any of the following:

- (a) The determination of the Board of Directors that this Agreement shall be terminated.
- (b) The dissolution or bankruptcy of the Company.
- (c) The consummation of a public offering for any of the common stock of the Company registered under the Securities Act of 1933, as amended, on SEC Form S-1 or any successor form.

8. Acknowledgments. Each Holder acknowledges that other shareholders of the Company may have restrictions on their shareholdings different than the terms contained herein.

9. Further Assurances. Each party hereto agrees to perform any and all further acts and to execute and deliver any documents which may reasonably be necessary to carry out the provisions of this Agreement.

10. Modification. This Agreement as applied to any Holder may be amended at any time by the written agreement of the Company and a Holder affected thereby.

11. Will Provisions. Each Holder agrees to insert in his or her will, or to execute a codicil thereto, directing and authorizing his or her executor to fulfill and comply with the provisions hereof.

12. Notice. Any notice required or permitted hereunder shall be delivered in person or sent by telecopier, air courier or certified mail, return receipt requested, postage and fees prepaid in all cases; in the case of the Company, to the then current address of its then principal business office, to the attention of the Chairman of its Board of Directors, and, in the case of a Holder, to the address of such Holder shown on the signature page hereto, or to such other address as will have been specified by prior written notice to the sending party. Notice shall be effective upon delivery if it is hand-delivered; upon receipt if it is transmitted by telecopier, air courier or registered, certified or express mail; upon expiration of the third business day after deposit in the United States mail if mailed from and to an address in the United States; and upon expiration of the tenth business day after deposit in the United States mail if mailed from or to an address outside the United States.

13. Succession. This Agreement shall be binding upon and inure to the benefit of the parties hereto and upon their permitted successors in interest of any kind whatsoever, their heirs, executors, administrators, and personal representatives.

14. Governing Law. This Agreement will be governed in all respects by the laws of the State of California as such laws are applied to agreements between California residents entered into and to be performed entirely within California. The parties hereby consent to the exclusive jurisdiction of the state or federal courts located in the State of California, County of San Francisco, for the resolution of any disputes arising out of this Agreement.

15. Counterparts. This Agreement may be signed in any number of counterparts, each of which will be an original, but all of which together will constitute one and the same instrument.

16. Sole Agreement. This Agreement constitutes the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersedes any and all prior or contemporaneous agreements and understandings pertaining thereto whether oral or written.

17. Construction. The titles of the sections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement. The language of this Agreement shall be construed as to its fair meaning and not strictly for or against any party.

18. Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of this Agreement shall be enforceable in accordance with its terms and interpreted as if such provisions were as excluded.

19. Attorney Fees. In the event that any dispute among the parties hereto should result in litigation or arbitration, the prevailing party in such dispute shall be entitled to recover from the other party all reasonable fees, costs and expenses of enforcing any right of the prevailing party, including without limitation, reasonable attorneys' fees and expenses.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date written below.

Date: _____

[NAME OF COMPANY]

By: _____
Title: _____

HOLDER:

Address: _____

Consent of Spouse

The undersigned spouse of the party to the foregoing Agreement acknowledges on his or her own behalf that: I have read the foregoing Agreement and I know its contents. I am aware that by its provisions my spouse grants the Company an option to purchase all of his or her shares of the Company, including my community interest in them. I hereby consent to the sale, approve of the provisions of the Agreement, and agree that those shares and my interest in them are subject to the provisions of the Agreement and that I will take no action at any time to hinder operation of the Agreement on those shares or my interest in them.

[END OF SUBSCRIPTION PACKAGE]