

THIS NOTE AND THE SECURITIES EVIDENCED BY THIS NOTE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR HYPOTHECATED UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT COVERING SUCH SECURITIES, THE SALE IS MADE IN ACCORDANCE WITH RULE 144 UNDER THE ACT, OR THE COMPANY RECEIVES AN OPINION OF COUNSEL FOR THE HOLDER OF SUCH SECURITIES REASONABLY SATISFACTORY TO THE COMPANY STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF THE ACT.

CONVERTIBLE PROMISSORY NOTE

\$ _____, 2007

FOR VALUE RECEIVED, _____, a California corporation (the "Company"), jointly and severally, promise to pay to _____ (the "Holder"), or its registered assigns, the principal sum of [_____] Dollars (\$_____), or such lesser amount as shall then equal the outstanding principal amount hereof, together with simple interest from the date of this Note on the unpaid principal balance at a rate equal to ten percent (10%) per annum.

The interest rate shall be computed on the basis of the actual number of days elapsed and a year of 365 days. All unpaid principal, together with the unpaid and accrued interest payable hereunder, if not converted by the provisions of Section 5 below, shall be due and payable on demand at any time after the earlier of (i) _____, 2008 (the "Maturity Date"), (ii) when such amounts are declared due and payable by a Majority in Interest of the Holders upon or after the occurrence of an Event of Default (as defined below) or (iii) in the event of a Change of Control. The amount due and payable hereunder in the event of a Change of Control occurring prior to the consummation of a Qualified Financing shall be equal to 200% of the then principal and accrued interest amount outstanding hereunder, in which event the Warrants (as defined in the Purchase Agreement) shall be surrendered, and shall become null and of no effect.

This Note is one of a series of Convertible Promissory Notes containing substantially identical terms and conditions issued pursuant to the Note and Warrant Purchase Agreement dated as of _____, 2007 (the "Purchase Agreement"), and the holders of the Notes are referred to herein as the "Holders."

The following is a statement of the rights of the Holder and the conditions to which this Note is subject, and to which the Holder hereof, by the acceptance of this Note, agrees:

1. Definitions. As used in this Note, the following capitalized terms have the following meanings:

(a) "Change of Control" shall mean (i) the acquisition of the Company by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation); or (ii) a sale of all or substantially all of the assets of the

Company, in either case, in which the stockholders of the Company immediately prior to the acquisition or sale, as the case may be, do not hold a majority of the outstanding shares of capital stock of the surviving corporation. Notwithstanding the foregoing, a transaction shall not be deemed a Change of Control if the sole purpose of the transaction is to change the domicile of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately prior to such transaction.

(b) "Conversion Price" shall mean the same price per share being paid by investors in a Qualified Financing (as hereinafter defined).

(c) "Non-Qualified Financing" shall mean any equity financing of the Company which is not a Qualified Financing (as defined below). For clarity purposes, a Non-Qualified Financing may be a sale of Common Stock of the Company.

(d) "Obligations" shall mean all principal and accrued interest due hereunder.

(e) "Qualified Financing" shall mean an equity financing of the Company in which the Company issues shares of Preferred Stock in a transaction or series of transactions and receives an aggregate, including conversion of the Notes or other convertible notes, of at least \$_____ in consideration of such issuance.

(f) "Majority in Interest" shall mean Holders holding 51% or more of the principal amount of all Notes issued and outstanding pursuant to the Purchase Agreement.

2. Events of Default. The occurrence of any of the following shall constitute an "Event of Default" under this Note:

(a) Failure to Pay. The Company shall fail to pay (i) when due any principal payment on the due date hereunder or (ii) any interest or other payment required under the terms of this Note on the date due, and such payment shall not have been made within ten (10) days of the Company's receipt of the Holder's written notice to the Company of such failure to pay;

(b) Voluntary Bankruptcy or Insolvency Proceedings. The Company shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian of itself or of all or a substantial part of its property, (ii) make a general assignment for the benefit of its or any of its creditors, (iii) be dissolved or liquidated in full or in part, (iv) become insolvent (as such term may be defined or interpreted under any applicable statute), (v) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or consent to any such relief or to the appointment of or taking possession of its property by any official in an involuntary case or other proceeding commenced against it, or (vi) take any action for the purpose of effecting any of the foregoing;

(c) Involuntary Bankruptcy or Insolvency Proceedings. Proceedings for the appointment of a receiver, trustee, liquidator or custodian of the Company or of all or a substantial part of its property, or an involuntary case or other proceedings seeking liquidation, reorganization or other relief with respect to the Company or the debts thereof under any bankruptcy, insolvency or other similar law or hereafter in effect shall be commenced and an order for relief entered, or such proceeding shall not be dismissed or discharged within thirty (30) days of commencement; or

(d) Breach of Agreements. Unless waived by the Holders of at least a majority in interest of the then outstanding Loan Amounts (as defined in the Purchase Agreement), the Company's material breach of any representation, covenant or agreement contained in this Note or the Purchase Agreement, which such breach is not cured by the Company within ten (10) days after written notice thereof is given to the Company by the Holder.

3. Rights of Holder Upon Default. Upon the occurrence or existence of any Event of Default and at any time thereafter during the continuance of such Event of Default, Holders representing a Majority in Interest may declare all outstanding Obligations payable by the Company hereunder to be immediately due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived. In addition to the foregoing remedies, upon the occurrence or existence of any Event of Default, such Holders of a Majority in Interest may exercise any other right, power or remedy granted to them or otherwise permitted to it by law, either by suit in equity or by action at law, or both.

4. Prepayment; Payment After Maturity Date Without Demand. This Note may not be prepaid in whole or in part at any time by the Company without the prior written consent of the Holders of a Majority in Interest.

5. Conversion.

(a) Automatic Conversion. In the event the Company closes a Qualified Financing on or prior to the Maturity Date, all of the principal and accrued interest then outstanding under the Note shall be automatically converted into shares of Preferred Stock issued in the Qualified Financing at the closing thereof, and such shares have the same terms and conditions as those given to the investors in the Qualified Financing. The price per share for the conversion shall be equal to the price per share of the Preferred Stock paid by the investors in the Qualified Financing.

(b) Optional Conversion.

(i) Qualified Financing. In the event the Company closes a Qualified Financing after the Maturity Date, at the option of the Holder, all of the principal and accrued interest then outstanding under the Note may be converted into shares of Preferred Stock issued in the Qualified Financing at the closing thereof, and such shares have the same terms and conditions as those given to the investors in the Qualified Financing. The price per share for the conversion shall be equal to the price per share of the Preferred Stock paid by the investors in the Qualified Financing.

(ii) Non-Qualified Financing. In the event the Company closes at any time a Non-Qualified Financing, at the option of the Holder, all of the principal and accrued interest then outstanding under the Note may be converted into shares of Preferred Stock or Common Stock, as the case may be, issued in such financing at the closing thereof, and such shares have the same terms and conditions as those given to the investors in such financing. The price per share for the conversion shall be equal to the price per share of the Preferred Stock or Common Stock, as the case may be, paid by the investors in the financing.

(c) Notice. Written notice (the "Company Notice") shall be delivered to the Holder of this Note at the address last shown on the records of the Company for the Holder or, if no such address appears, at the place where the principal executive office of the Company is located, notifying the Holder of the terms and conditions of the Qualified Financing or Change of Control, as the case may be, the price per share for the conversion, the principal and accrued interest then outstanding on the Note, the date on

which any such conversion will occur, if conversion is automatic or elected by the Holder, and calling upon such Holder, if conversion is automatic or elected by the Holder, to surrender to the Company, in the manner and at the place designated, the Note. If the Holder elects to convert this Note (or elects to have the Note repaid in full by the Company in the case of a Change of Control), the Holder shall provide written notice to the Company no later than ten (10) days after the Company Notice is deemed given in the case of conversion or repayment pursuant to a Change of Control, and no later than fifteen (15) days prior to optional conversion at any other time. Notwithstanding the foregoing, no notice is required to be delivered by the Holder to the Company to effect an automatic conversion of this Note pursuant to a Qualified Financing.

(d) Mechanics and Effect of Conversion. No fractional shares of Preferred Stock or Common Stock shall be issued upon conversion of this Note. Upon the conversion of all of the principal and accrued interest outstanding under this Note, in lieu of the Company issuing any fractional shares to the Holder, the Company shall pay to the Holder the amount of outstanding principal and accrued interest that is not so converted. Upon full conversion of this Note, the Company shall be forever released from all its obligations and liabilities under this Note.

6. Successors and Assigns. Subject to the restrictions on transfer described in Section 8 below, the rights and obligations of the Company and the Holder of this Note shall be binding upon and benefit the successors, assigns, heirs, administrators and transferees of the parties.

7. Waiver and Amendment. Any provision of this Note may be amended, waived or modified upon the written consent of the Company and the Holders of at least a majority in interest of the then outstanding Loan Amounts (as defined in the Purchase Agreement). Any amendment or waiver effected in accordance with this Section 7 shall be binding upon the Company, the Holders and each transferee of a Note.

8. Transfer of this Note. This Note may not be transferred in violation of any restrictive legend set forth hereon. Each new Note issued upon transfer of this Note shall bear a legend as to the applicable restrictions on transferability in order to ensure compliance with the Securities Act of 1933, as amended (the “Securities Act”), unless in the opinion of counsel for the Company such legend is not required in order to ensure compliance with the Securities Act. The Company may issue stop transfer instructions to its transfer agent in connection with such restrictions. Prior to presentation of this Note for registration of transfer, the Company shall treat the Holder as the owner and registered holder of this Note for the purpose of receiving all payments of principal and interest hereon and for all other purposes whatsoever, whether or not this Note shall be overdue and the Company shall not be affected by notice to the contrary.

9. Treatment of Note. To the extent permitted by generally accepted accounting principles, the Company will treat, account and report the Note as debt and not equity for accounting purposes and with respect to any returns filed with federal, state or local tax authorities.

10. Subordination. The indebtedness evidenced by this Note is hereby expressly subordinated to all senior indebtedness of the Company for borrowed money of any kind from banks or other institutional lenders. Provided, however, such subordination shall not apply to any indebtedness which is convertible into equity securities of the Company.

11. Notices. All notices and other communications required or permitted hereunder shall be in writing and shall be deemed effectively given (i) upon actual delivery to the party to be notified, (ii) 24 hours after confirmed facsimile transmission, (iii) one (1) business day after deposit with a recognized overnight courier, or (iv) three (3) business days after deposit with the U.S. Postal Service by first class

certified or registered mail, postage prepaid, return receipt requested, addressed or sent (a) if to the Holder, at the address or facsimile number of the Holder last shown on the records of the Company for the Holder, or at such other address or number as the Holder shall have furnished to the Company in writing upon 10 days' notice, or (b) if to the Company, at _____, California _____, or at such other address or number as the Company shall have furnished to the Holder in writing upon 10 days' notice.

12. Payment. Payment shall be made in lawful tender of the United States.

13. Expenses; Waivers. If action is instituted to collect this Note, the Company promises to pay all costs and expenses, including, without limitation, reasonable attorneys' fees and costs, incurred in connection with such action. The Company hereby waives notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor and all other notices or demands relative to this instrument.

14. Governing Law. This Note and all actions arising out of or in connection with this Note shall be governed by and construed in accordance with the laws of the State of California, without regard to the conflicts of law provisions of the State of California or of any other state.

IN WITNESS WHEREOF, the Company has caused this Convertible Promissory Note to be issued as of the date first set forth above.

a California corporation

By: _____