

RIGHTS OFFERING

FORM OF TERM SHEET

Security:	[Non-transferable] [Transferable] rights to purchase shares of common stock.
Offering size:	\$__ million (or approximately _____ shares of common stock).
Subscription price:	\$__ per share. [Payable in cash only.]
Offerees:	All holders of common stock [options, warrants] on the record date.
Rights offering record date:	_____, 20__
Subscription ratio:	_____ rights for every share of common stock. No fractional rights. [Rights will be rounded up.]
Rights expiration date:	_____, 20__ [Note: typically 16-30 day subscription period but can be longer.]
Extension, withdrawal and amendment:	The issuer reserves the right to extend the exercise period at any time, or to withdraw or terminate the offering at any time. The issuer may amend the terms of the offering. If the amendment is significant, the issuer will mail notice of the change and extend the expiration date by at least 10 days.
Over-subscription privilege:*	If a shareholder exercises its basic subscription privilege, then the over-subscription privilege entitles that shareholder to subscribe for additional shares at the same subscription price. [The total number of additional shares available for the over-subscription privilege will depend upon how many shareholders exercise their initial rights.]
Over-subscription process:*	Additional shares will be allocated to shareholders exercising their over-subscription privilege (the over-subscribing shareholders) on a pro rata basis based on the initial rights of such over-subscribing shareholders.
Cleanup call:*	The issuer, in its sole discretion, may elect to sell any remaining shares to interested shareholders or to a standby purchaser, if any.

* Indicates a provision that is not required in a rights offering, but is typically found in such transactions.

- Standby purchaser:*** The issuer will identify a standby purchaser. [Or, provide name(s) of standby purchaser(s), if known.]
- Underwriter /agent:*** The rights offering may be underwritten. [Or, provide name(s) of underwriter(s), if known.]

* Indicates a provision that is not required in a rights offering, but is typically found in such transactions.