

**CONVERTIBLE DEBT AND WARRANTS:** Between 11/6/98 and 2/1/99, the Company issued a series of convertible notes and warrants. The entire principal amount and any accrued interest shall be converted into shares of the Company's equity securities issued and sold at the close of the Company's next equity financing, provided the next equity financing closes on or before March 31, 1999. Effective March 5, 1999, the Company closed its next equity (Series B) financing and all of the debt and accrued interest was converted to Series B Preferred Stock as of that date.

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Name	Principal	Interest Rate	Date	Conversion Date	Days Outstanding	Accrued Interest 3/5/99	Total amount to convert	Number of Series B Preferred Shares	Aggregate Exercise Price of Warrant	Number of Warrants	Value of Warrants	
<b>PERIOD FROM 10/1/98 - 12/31/98:</b>												
1 Mr. Investor	\$ 50,000 x	8.00%	11/6/1998	3/5/1999	120	\$ 1,315	\$ 51,315	48,871	5,000	4,761	2,193	
2 Mr. Investor	\$ 100,000 x	8.00%	11/6/1998	3/5/1999	120	\$ 2,630	\$ 102,630	67,743	10,000	9,523	4,386	
3 Mr. Investor	\$ 50,000 x	8.00%	11/6/1998	3/5/1999	120	\$ 1,315	\$ 51,315	48,871	5,000	4,761	2,193	
4 Mr. Investor	\$ 50,000 x	8.00%	11/6/1998	3/5/1999	120	\$ 1,315	\$ 51,315	48,871	5,000	4,761	2,193	
5 Mr. Investor	\$ 50,000 x	8.00%	11/11/1998	3/5/1999	115	\$ 1,260	\$ 51,260	48,819	5,000	4,761	2,193	
6 Mr. Investor	\$ 50,000 x	8.00%	12/9/1998	3/5/1999	87	\$ 953	\$ 50,953	49,527	5,000	4,761	2,193	
7 Mr. Investor	\$ 50,000 x	8.00%	12/18/1998	3/5/1999	78	\$ 855	\$ 50,855	48,433	5,000	4,761	2,193	
8 Mr. Investor	\$ 25,000 x	8.00%	12/22/1998	3/5/1999	74	\$ 405	\$ 25,405	24,195	2,500	2,380	1,096	
<b>Subtotal</b>	<b>\$ 425,000</b>											
<b>PERIOD FROM 1/1/99 - 3/31/99:</b>												
9 Mr. Investor	\$ 50,000 x	8.00%	1/13/1999	3/5/1999	51	\$ 559	\$ 50,559	48,151	5,000	4,761	2,193	
10 Mr. Investor	\$ 50,000 x	8.00%	1/13/1999	3/5/1999	51	\$ 559	\$ 50,559	48,151	5,000	4,761	2,193	
11 Mr. Investor	\$ 12,500 x	8.00%	1/15/1999	3/5/1999	49	\$ 134	\$ 12,634	12,032	1,250	1,190	548	
12 Mr. Investor	\$ 12,500 x	8.00%	1/18/1999	3/5/1999	46	\$ 126	\$ 12,626	12,024	1,250	1,190	548	
13 Mr. Investor	\$ 12,500 x	8.00%	1/18/1999	3/5/1999	46	\$ 126	\$ 12,626	12,024	1,250	1,190	548	
14 Mr. Investor	\$ 12,500 x	8.00%	1/18/1999	3/5/1999	46	\$ 126	\$ 12,626	12,024	1,250	1,190	548	
15 Mr. Investor	\$ 200,000 x	8.00%	1/25/1999	3/5/1999	39	\$ 1,710	\$ 201,710	192,104	20,000	19,047	8,773	
16 Mr. Investor	\$ 20,000 x	8.00%	1/27/1999	3/5/1999	37	\$ 162	\$ 20,162	19,201	2,000	1,904	877	
17 Mr. Investor	\$ 20,000 x	8.00%	1/27/1999	3/5/1999	37	\$ 162	\$ 20,162	19,201	2,000	1,904	877	
18 Mr. Investor	\$ 50,000 x	8.00%	1/29/1999	3/5/1999	35	\$ 384	\$ 50,384	47,984	5,000	4,761	2,193	
19 Mr. Investor	\$ 50,000 x	8.00%	2/1/1999	3/5/1999	33	\$ 362	\$ 50,362	47,963	5,000	4,761	2,193	
<b>Subtotal</b>	<b>\$ 490,000</b>					\$ 14,459		885,189		87,128	40,131	
<b>Total</b>	<b>\$ 915,000</b>											
						Recorded Interest Expense	\$ 14,566		Per stock register	87,128	41,728	Balance per G/L
							\$ 107	Pass				
Total Interest Expense	54,590											
Balance per G/L	56,294											
Difference to adjust	(1,704)											

Sample