UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): September 22, 2016

STEREOTAXIS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware		
(State or Other Jurisdiction of Incorporation)		
001-36159		**94-3120386**
(Commission File Number)		**(IRS Employer Identification No.)**
4320 Forest Park Avenue, Suite 100, St. Louis, Missouri		**63108**
(Address of Principal Executive Offices)		**(Zip Code)**

(314) 678-6100
(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement

Purchase Agreement and Certificate of Designations

On September 26, 2016, Stereotaxis, Inc. (the "Company") entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain institutional and other accredited investors (the "Buyers"), whereby it agreed to sell, for an aggregate purchase price of $24 million, (i) an aggregate of 24,000 shares of Series A Convertible Preferred Stock, par value $0.001 per share (the "Preferred Shares"), which are convertible into shares of the Company's Common Stock (the "Conversion Shares"), and (ii) warrants (the "Warrants") to purchase an aggregate of 36,923,077 shares of Common Stock (the "Warrant Shares"). The Company anticipates that the transaction (the "Offering") will close on or about September 29, 2016. The Offering is subject to certain conditions including (i) the payment by the Company of an aggregate of $13 million, concurrently with the closing of the Offering, in full satisfaction of the Company's outstanding indebtedness to Healthcare Royalty Partners II, L.P. ("HRP"), and (ii) other customary closing conditions.

The Company anticipates that net proceeds from the Offering will be approximately $23.1 million, after offering expenses. The Company plans to use the funds to satisfy in full all amounts outstanding under the Loan Agreement with HRP, as noted above, and for general corporate purposes.

Before the closing of the Offering, the Company will file with the Secretary of State of the State of Delaware a Certificate of Designations, Preferences and Rights of Series A Convertible Preferred Stock (the "Certificate of Designations") to its Amended and Restated Certificate of Incorporation, as amended, establishing the designations, preferences, powers and rights of the Preferred Shares. Pursuant to the Certificate of Designations, holders of Preferred Shares will be entitled to vote on an as-converted basis with the Common Stock, subject to specified beneficial ownership issuance limitations. The Preferred Shares will bear dividends at a rate of six percent (6.0%) per annum, which will be cumulative and accrue daily from the date of issuance on the $1,000 stated value. Such dividends will not be paid in cash, except in connection with any liquidation, dissolution or winding up of the Company or any redemption of the Preferred Shares. Each Preferred Share will be convertible at the option of the holder from and after the original date of issuance, at an initial conversion price of $0.65 per share, subject to adjustment in the event of stock splits, dividends, mergers, sales of all or substantially all of the Company's assets or similar transactions, subject to specified beneficial ownership issuance limitations. If the Company fails to timely issue Preferred Shares or Conversion Shares or remove legends from any such shares, in each case as and when required to do so under the Certificate of Designations, the Company will be required to pay liquidated damages to the affected holder in an amount equal to 0.25% of the product of (i) the number of shares of Common Stock to be issued or issuable on conversion of the relevant Preferred Shares and (ii) the weighted average price of the Common Stock on the last date before such failure, and may be required to pay additional or alternative damages in specified circumstances at the option of the holder. Each holder of Preferred Shares will have the right to require the Company to redeem such holder's Preferred Shares upon the occurrence of specified events, including mergers, sales of substantially all assets of the Company, and certain defaults under the Certificate of Designations and under the Registration Rights Agreement described below. The Company will also have the right to redeem the Preferred Shares in the event of a Change of Control Transaction (as defined in the Certificate of Designations).

Under the Purchase Agreement, the Company has agreed that for a period of 61 months following the closing date of the Offering, so long as at least 8,000 of the Preferred Shares issued on the closing date are outstanding, the Buyers will have a right to participate on a pro rata basis in equity financings or issuances of securities convertible, exercisable or exchangeable into equity securities of the Company or any subsidiaries (including debt securities with an equity component), subject to certain exceptions.

Warrants

Upon issuance at the closing, the Warrants will have an exercise price equal to $0.70 per share, subject to adjustments as provided under the terms of the Warrants. The Warrants may be exercised by any holder on a cashless basis if, at any time after the date that is 180 days after the closing, the resale registration statement required by the Registration Rights Agreement described below is not effective and available for all of such holder's Warrant Shares. The Warrants will be exercisable at any time up to and including the fifth anniversary of the closing date of the Offering.

Registration Rights Agreement

In connection with the parties' entry into the Purchase Agreement, on September 26, 2016 the Company and the Buyers entered into a registration rights agreement (the "Registration Rights Agreement"), pursuant to which the Company agreed to file a resale registration statement with respect to the resale of the Conversion Shares and the Warrant Shares not later than 45 calendar days following the closing, and to use its best efforts to cause such resale registration statement to be declared effective by the SEC as soon as practicable, but in no event later than 120 calendar days following the closing. If and to the extent the Company is unable to timely satisfy such deadlines or otherwise maintain the effectiveness of the registration statement in accordance with the Registration Rights Agreement, the Company will be required to pay, as liquidated damages, an amount equal to 1.5% of the aggregate value of the Conversion Shares and the Warrant Shares required to be included in a registration statement, calculated in accordance with the Registration Rights Agreement. If the Company fails to timely make such payments, such payments will accrue interest at a rate of 1.5% per month.

The foregoing description is qualified in its entirety by the terms of the Purchase Agreement (including the form of the Certificate of Designations included as Exhibit A thereto), form of Warrant and Registration Rights Agreement, which are incorporated herein by reference and attached hereto as Exhibits 10.1, 4.1 and 10.2, respectively.

Item 1.02. Termination of a Material Definitive Agreement

As described in Item 1.01 of this Current Report on Form 8-K, which description is incorporated into this Item 1.02 by reference, the Company will use $13 million of the proceeds from the sale of the Preferred Shares and Warrants in the Offering to satisfy in full all amounts outstanding under the Loan Agreement dated as of November 30, 2011, by and among the Company, Stereotaxis International, Inc. and HRP.

Item 3.02. Unregistered Sales of Equity Securities

Pursuant to the Offering described in Item 1.01 of this Current Report on Form 8-K, which description is incorporated into this Item 3.02 by reference, on September 26, 2016, the Company entered into the Purchase Agreement, pursuant to which the Company has agreed to sell, upon the terms and conditions set forth therein, the Preferred Shares and Warrants to "accredited investors" as such term is defined in the Securities Act of 1933, as amended (the "Securities Act") and in reliance on the exemption from registration afforded by Section 4(2) and Regulation D (Rule 506) under the Securities Act and corresponding provisions of state securities laws. Accordingly, none of the securities to be issued in the Offering, including the Conversion Shares and the Warrant Shares, will have been registered under the Securities Act as of the closing date of the Offering, and until registered, these securities may not be offered or sold in the United States absent registration or availability of an applicable exemption from registration.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On September 21, 2016, the Board of Directors of the Company (the "Board") approved an increase in the size of the Board from eight to nine Directors.

On September 22, 2016, in connection with the Offering described in Item 1.01 of this Current Report on Form 8-K, Euan S. Thomson, Ph.D. resigned as a Class II Director of the Company. Effective September 29, 2016, also in connection with the Offering, Joseph D. Keegan, Ph.D. resigned as a Class II Director of the Company. The resignations were not due to any disagreement with the Company.

In connection with the Offering and pursuant to the Purchase Agreement, the Board appointed each of David Fischel, Joseph Kiani and Arun Menawat, Ph.D. (the "Board Designees") to the Board, effective as of the closing of the Offering. Dr. Menawat was appointed as a Class I Director with a term expiring at the 2017 annual meeting of shareholders. Mr. Fischel and Mr. Kiani were appointed as Class II Directors with a term expiring at the 2018 annual meeting of shareholders. None of the Board Designees has been appointed to serve on any committees of the Board at this time; however, the Company has agreed pursuant to the Purchase Agreement to appoint the Board Designees to the standing committees of the Board, such that at all times after the closing of the Offering through the third anniversary thereof, the aggregate number of Board Designees serving on the standing committees of the Board is not less than the total number of Board Designees.

Each of the Board Designees will receive 20,000 restricted share units and other compensation on the same basis as all other non-management Directors of the Company, as described under "Director Compensation" in the Company's Proxy Statement for its 2016 Annual Meeting of Shareholders.

Until the third anniversary of the closing date of the Offering, the Company has agreed that, at any shareholders' meeting at which Directors are to be elected, the Board will nominate and recommend the reelection of any Board Designees whose terms of office expire at such shareholders' meeting.

Other than the transactions contemplated by the Purchase Agreement, the Company is not aware of any transactions or proposed transactions in which the Company was or is to be a participant since January 1, 2015, in which the amount involved exceeds $120,000, and in which any of the Board Designees had, or will have, a direct or indirect material interest.

Item 7.01. Regulation FD Disclosure

On September 27, 2016, the Company issued a press release announcing the Offering. A copy of this press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference into this Item 7.01.

The information furnished in this Item 7.01 (including the Press Release attached as Exhibit 99.1) is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities and Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing. In addition, this report (including the Press Release attached as Exhibit 99.1) shall not be deemed an admission as to the materiality of any information contained herein that is required to be disclosed solely as a requirement of this Item.

Forward-Looking Statements

Statements contained or incorporated by reference in this Current Report on Form 8-K describing, among other things, the Company's ability to successfully complete the closing of the Offering under the Purchase Agreement, the use of the proceeds therefrom, and its future operating results are "forward-looking statements" as defined by the SEC. Actual results and events may differ materially from those indicated in these forward-looking statements based on a number of factors, including actions of the SEC, the OTCQX and the Company's shareholders and the risks and uncertainties inherent in the Company's business, including those described in the Company's current and periodic reports filed with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the year ended December 31, 2015. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. The Company undertakes no obligation to update any forward-looking statement to reflect new information, events or circumstances after the date of this report or to reflect the occurrence of unanticipated events.

Item 9.01. Financial Statements and Exhibits

(a) Not applicable

(b) Not applicable

(c) Not applicable

(d) Exhibits:

Exhibit Number	Description
4.1	Form of Warrant
10.1	Purchase Agreement
10.2	Registration Rights Agreement
99.1	Stereotaxis, Inc. Press Release dated September 27, 2016

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

STEREOTAXIS, INC.

Date: September 28, 2016

By: /s/ Karen Witte Duros
Name: Karen Witte Duros
Title: Sr. Vice President, General Counsel

Exhibit 4.1

FORM OF WARRANT

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF ("SECURITIES") HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS OR (B) AN OPINION OF COUNSEL, IN A REASONABLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR APPLICABLE STATE SECURITIES LAWS OR (II) UNLESS SOLD PURSUANT TO RULE 144 UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

ANY TRANSFEREE OF THIS WARRANT SHOULD CAREFULLY REVIEW THE TERMS OF THIS WARRANT, INCLUDING SECTION 2(f) HEREOF. THE SECURITIES REPRESENTED BY THIS WARRANT MAY BE LESS THAN THE NUMBER SET FORTH ON THE FACE HEREOF PURSUANT TO SECTION 2(f) HEREOF.

Stereotaxis, Inc.

WARRANT TO PURCHASE COMMON STOCK

Warrant No.: Number of Common Shares:
Date of Issuance: , 2016

Stereotaxis, Inc., a Delaware corporation (the "**Company**"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, , the registered holder hereof or its successors or permitted assigns (the "**Holder**"), is entitled, subject to the terms set forth below, to purchase from the Company, at any time or times on or after the date hereof, but not after 11:59 P.M. New York Time on the Expiration Date (as defined herein) ( ) fully paid non-assessable Common Shares (as defined below), subject to adjustment as provided herein (the "**Warrant Shares**"), at the Warrant Exercise Price (as defined below); provided, however, that in no event shall the Holder be entitled or required to exercise this Warrant for a number of Warrant Shares in excess of that number of Warrant Shares that, upon giving effect to such exercise, would cause the aggregate number of Common Shares beneficially owned by the Holder and its Affiliates and any other persons or entities whose beneficial ownership of Common Shares would be aggregated with the Holder's for purposes of Section 13(d) of the Exchange Act (as defined below), including shares held by any "group" of which the Holder is a member (any such other persons and entities being referred to herein as "**Other Persons**"), to exceed the Beneficial

Ownership Limitation. For purposes of the foregoing proviso, the aggregate number of Common Shares beneficially owned by the holder and its affiliates shall include the number of Common Shares issuable upon exercise of this Warrant with respect to which the determination of such proviso is being made, but shall exclude Common Shares that would be issuable upon (i) exercise of the remaining, unexercised SPA Warrants (as defined below) beneficially owned by the Holder and its Affiliates and any Other Persons and (ii) exercise, conversion or exchange of the unexercised, unconverted or unexchanged portion of any other securities of the Company beneficially owned by the Holder and its Affiliates and any Other Persons (including any Preferred Shares (as defined in the Securities Purchase Agreement) and any other convertible preferred shares or notes and any warrants) subject to a limitation on conversion, exercise or exchange analogous to the limitation contained herein. Subject to the immediately preceding sentence, for purposes of this paragraph, beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act (as defined in Section 1(b)) and applicable regulations of the SEC (as defined in Section 1(b)), and "group" shall have the meaning set forth in Section 13(d) of the Exchange Act and applicable regulations of the SEC. For purposes of this Warrant, in determining the number of outstanding Common Shares a holder may rely on the number of outstanding Common Shares as reflected in (1) the Company's most recent Form 10-Q or Form 10-K filed under the Exchange Act, as the case may be, (2) a more recent public announcement by the Company or (3) any other notice by the Company or its transfer agent setting forth the number of Common Shares outstanding. Upon the written request of any holder, the Company shall promptly, but in no event later than two (2) Business Days (as defined below) following the receipt of such request, confirm in writing to the Holder the number of Common Shares then outstanding. In any case, the number of outstanding Common Shares shall be determined after giving effect to the conversion, exercise or exchange of securities of the Company and the SPA Warrants by the Holder and its Affiliates and any Other Persons, since the date as of which such number of outstanding Common Shares was reported. Notwithstanding the foregoing, the Holder shall have the sole right and obligation to determine whether the restrictions set forth in this paragraph apply to the Holder. For purposes of determining the maximum number of Common Shares that the Company may issue to the Holder upon exercise of this Warrant, the Holder's delivery of an Exercise Notice (as defined in Section 2(a)) with respect to such exercise shall constitute a representation by the Holder that the Holder has determined, based on the most recent public filings by the Company under the Exchange Act (or any differing information received from the Company as provided above), that upon the issuance of the Common Shares to be issued to the Holder, the Common Shares beneficially owned by the Holder and its Affiliates and any Other Persons will not exceed the Beneficial Ownership Limitation. The "**Beneficial Ownership Limitation**" shall be 4.99% of the number of Common Shares outstanding immediately after giving effect to the issuance of Common Shares upon the applicable exercise of this Warrant; provided, that the Holder, upon not less than 61 days' prior notice to the Company, may increase the Beneficial Ownership Limitation applicable to the Holder (but, for the avoidance of doubt, not to any subsequent holder of this Warrant or to any other holder of SPA Warrants) to 9.99% of the number of Common Shares outstanding immediately after giving effect to the issuance of Common Shares upon the applicable exercise of this Warrant. No such increase shall be effective prior to the 61st day after such notice is delivered to the Company.

Section 1.

(a) Securities Purchase Agreement. This Warrant is one of the warrants issued pursuant to Section 1 of that certain Securities Purchase Agreement dated as of September 26, 2016, among , the Company and the other Persons (as defined below) referred to therein (as such agreement may be amended from time to time as provided in such agreement, the "**Securities Purchase Agreement**") or of any warrants issued in exchange or substitution therefor or replacement thereof (all such warrants being collectively referred to as the "**SPA Warrants**"). Each capitalized term used, and not otherwise defined herein, shall have the meaning ascribed thereto in the Securities Purchase Agreement.

(b) Definitions. The following words and terms as used in this Warrant shall have the following meanings:

(i) "**Affiliate**" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 144 under the Securities Act ("**Rule 144**"). Any investment fund or managed account that is managed on a discretionary basis by the same investment manager as the Holder will be deemed to be an Affiliate of the Holder.

(ii) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in the City of New York are authorized or required by law to remain closed.

(iii) "**Common Shares**" means (i) shares of the Company's common stock, par value $0.001 per share ("**Common Stock**"), and (ii) any shares in the capital of the Company into which such shares of Common Stock shall have been changed or any shares in the capital of the Company resulting from a reclassification of such common shares.

(iv) "**Convertible Security**" means shares or securities (other than Options) directly or indirectly convertible into or exchangeable or exercisable for Common Shares.

(v) **"Exchange Act"** means the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated by the SEC thereunder.

(vi) "**Expiration Date**" means the date that is five (5) years after the Warrant Date (as defined in Section 14) or, if such date does not fall on a Business Day, then the next Business Day.

(vii) "**Options**" means any rights, warrants or options to subscribe for or purchase Common Shares or Convertible Securities.

(viii) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization or a government or any department or agency thereof or any other legal entity.

(ix) "**Principal Market**" means, with respect to the Common Shares, the OTC Markets — OTCQX tier; provided that, (A) if the Common Shares are listed on any of the NYSE MKT, The New York Stock Exchange, the NASDAQ Global Market, the NASDAQ Global Select Market or the NASDAQ Capital Market (or a successor to any of the foregoing) (each, a "**National Exchange**"), then Principal Market with respect to the Common Shares shall mean such National Exchange, and (B) if the Common Shares cease to be listed or quoted on the OTC Markets – OTCQX tier or any National Exchange, then Principal Market with respect to the Common Shares shall mean the principal securities exchange or trading market for the Common Shares; and with respect to any other security, Principal Market shall mean the principal securities exchange or trading market for such security.

(x) "**Registration Rights Agreement**" means that certain registration rights agreement between the Company and the investors party thereto, as the same may be amended, restated, modified or supplemented and in effect from time to time.

(xi) "**SEC**" means the United States Securities and Exchange Commission.

(xii) "**Securities**" means, collectively, this Warrant and the Warrant Shares.

(xiii) "**Securities Act**" means the Securities Act of 1933, as amended, together with the rules and regulations promulgated by the SEC thereunder.

(xiv) "**Trading Day**" means any day on which the Common Shares (or other securities as applicable) are traded on the Principal Market; provided that "Trading Day" shall not include any day on which the Common Shares (or other securities, as applicable) are scheduled to trade, or actually trade on the Principal Market for less than 4.5 hours.

(xv) "**Warrant**" means this Warrant and all Warrants issued in exchange, transfer or replacement thereof pursuant to the terms of this Warrant.

(xvi) "**Warrant Exercise Price**" shall be equal to, with respect to any Warrant Share, $0.70, subject to adjustment as hereinafter provided.

(xvii) "**Weighted Average Price**" means, for any security as of any date, the U.S. dollar volume-weighted average price for such security on its Principal Market during the period beginning at 9:30 a.m., New York City time (or such other time as the Principal Market publicly announces is the official open of trading), and ending at 4:00 p.m., New York City time (or such other time as the Principal Market publicly announces is the official close of trading), as reported by Bloomberg Markets (or any successor thereto, "**Bloomberg**") through its "Volume at Price" functions, or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30 a.m., New York City time (or such other time as such over-the-counter market publicly announces is the official open of trading), and ending at 4:00 p.m., New York City time (or such other time as such over-the-counter market publicly announces is the official close of trading), as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing

bid price and the lowest closing ask price of any of the market makers for such security as reported by OTC Markets Group, Inc. (or any successor thereto). If the Weighted Average Price cannot be calculated for such security on such date on any of the foregoing bases, the Weighted Average Price of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Principal Market is located in a country other than the United States, the Weighted Average Price shall be calculated in U.S. dollars using the spot rate for the purchase of the applicable foreign currency at the close of business on the immediately preceding Business Day in New York, New York published in the Wall Street Journal. If the Company and the Holder are unable to agree upon the fair market value of the Common Shares or other security, then such dispute shall be resolved pursuant to Section 2(a) below. All such determinations to be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during any period during which the Weighted Average Price is being determined.

Section 2. Exercise of Warrant.

(a) General.

(i) Subject to the terms and conditions hereof, this Warrant may be exercised by the Holder hereof then registered on the books of the Company, in whole or in part, at any time on any Business Day on or after the opening of business on the date hereof and prior to 11:59 P.M. New York Time on the Expiration Date, by (A) delivery of a written notice, in the form of the exercise notice attached as Exhibit A hereto (the "**Exercise Notice**"), of the Holder's election to exercise this Warrant, which notice shall specify the number of Warrant Shares to be purchased and, if such exercise is conditioned upon consummation of a Major Transaction (as defined in the Certificate of Designations (as defined in the Securities Purchase Agreement)) or an Organic Change (as defined in the Certificate of Designations) or any other transaction (such Major Transaction, Organic Change or other transaction, an "**Exercise Trigger Transaction**"), such condition to exercise, (B) (x) subject to the last sentence of this Section 2(a)(i), payment to the Company of an amount equal to the product of the Warrant Exercise Price multiplied by the number of Warrant Shares as to which this Warrant is being exercised (such product, the "**Aggregate Exercise Price**") by check or wire transfer of immediately available funds (or by check if the Company has not provided the Holder with wire transfer instructions for such payment), or (y) by notifying the Company that this Warrant is being exercised pursuant to a Cashless Exercise (as defined in Section 2(e)), and (C) if required by Section 2(f) or unless the Holder has previously delivered this Warrant to the Company and it or a new replacement Warrant has not yet been delivered to the Holder, the surrender to a common carrier for overnight delivery to the Company as soon as practicable following such date, this Warrant (or an indemnification undertaking, in customary form, with respect to this Warrant in the case of its loss, theft or destruction, pursuant to Section 12); provided, that if such Warrant Shares are to be issued in any name other than that of the registered Holder, such issuance shall be deemed a transfer and the provisions of Section 7 shall be applicable.

(ii) Notwithstanding anything to the contrary contained herein, the Holder may elect, in connection with an exercise that is contingent upon an Organic Change, that such exercise be effected contemporaneously with such Organic Change and that the Holder will acquire and receive in lieu of or in addition to (as the case may be) the Warrant Shares

immediately theretofore acquirable and receivable upon such exercise of this Warrant, such shares of stock, securities or assets of the Acquiring Entity (as defined below) that would have been issued or payable in such Organic Change with respect to or in exchange for the number of Warrant Shares that would have been acquirable and receivable upon such exercise of this Warrant as of the date of such Organic Change.

(iii) In the event of any exercise of the rights represented by this Warrant in compliance with this Section 2(a), the Company shall, on the second (2nd) Business Day (the "**Warrant Share Delivery Date**") following the date of its receipt of the later of the Exercise Notice, the Aggregate Exercise Price (and/or notice of Cashless Exercise) and, if required by Section 2(f) (or unless the Holder has previously delivered this Warrant to the Company and it or a new replacement Warrant has not yet been delivered to the Holder), this Warrant (or an indemnification undertaking, in customary form, with respect to this Warrant in the case of its loss, theft or destruction, pursuant to Section 12) (the "**Exercise Delivery Documents**") or, if the exercise of this Warrant is conditioned upon the consummation of an Exercise Trigger Transaction, on the date of (and immediately prior to) the consummation of such Exercise Trigger Transaction, as directed by the Holder in the Exercise Notice, (A) provided that the Holder or its designee is eligible to receive shares through The Depository Trust Company ("**DTC**"), credit such aggregate number of Common Shares to which the Holder shall be entitled to the Holder's or its designee's balance account with DTC through its Deposit/Withdrawal At Custodian (DWAC) system, (B) issue and deliver to the address specified in the Exercise Notice a certificate, registered in the name of the Holder or its designee, representing the number of Common Shares to which the Holder shall be entitled or (C) issue such aggregate number of Common Shares to the Holder or its designee through the Direct Registration System (DRS) of DTC and deliver a statement with respect thereto to the address specified in the Exercise Notice, and in any case, such Common Shares shall not bear, or otherwise be subject to, the 1933 Act Legend (as defined in the Securities Purchase Agreement) as and to the extent provided in Section 11 hereof. Upon the latest of (x) the date of delivery of the Exercise Notice, and (y) the date of delivery of the Aggregate Exercise Price referred to in clause (B)(x) of Section 2(a)(i) above or notification to the Company of a Cashless Exercise referred to in Section 2(e), and (z) if the exercise of this Warrant is conditioned upon the consummation of an Exercise Trigger Transaction, the date of such consummation, the Holder shall be deemed for all purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised (the date thereof being referred to as the "**Deemed Issuance Date**"), irrespective of the date of delivery of this Warrant as required by clause (C) of Section 2(a)(i) above or the certificates or statements evidencing such Warrant Shares.

(iv) In the case of a dispute as to the determination of the Warrant Exercise Price, the Weighted Average Price of a security or the arithmetic calculation of the number of Warrant Shares, the Company shall promptly issue to the Holder the number of Common Shares that is not disputed and shall submit the disputed determinations or arithmetic calculations to the Holder via facsimile and electronic mail within two (2) Business Days of receipt of the Holder's Exercise Notice. If the Holder and the Company are unable to agree upon the determination of the Warrant Exercise Price, the Weighted Average Price or arithmetic calculation of the number of Warrant Shares within two (2) Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall

promptly submit via electronic mail the disputed determination of the Warrant Exercise Price, the Weighted Average Price or the arithmetic calculation of the number of Warrant Shares to its independent, outside accountant or other financial institution mutually acceptable to the Company and the Holder. The Company shall direct the accountant to perform the determinations or calculations and notify the Company and the Holder of the results no later than five (5) Business Days after the date the accountant or other financial institution receives the disputed determinations or calculations. Such accountant's or other financial institution's determination or calculation, as the case may be, shall be deemed conclusive absent manifest error.

(b) Delivery of Warrant. If this Warrant is submitted for exercise, as may be required by Section 2(f), and unless the rights represented by this Warrant shall have expired or shall have been fully exercised, the Company shall, as soon as practicable and in no event later than four (4) Business Days after receipt of this Warrant (the "**Warrant Delivery Date**") and at its own expense, issue a new Warrant identical in all respects to this Warrant, except it shall represent rights to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which such Warrant is exercised (including, in the case of a Cashless Exercise, the number of Warrant Shares surrendered in lieu of payment of the Exercise Price).

(c) Fractional Common Shares. No fractional Common Shares are to be issued upon the exercise of this Warrant, but rather the number of Common Shares issued upon exercise of this Warrant shall be rounded up or down to the nearest whole number (with 0.5 rounded up).

(d) Company Failure Upon Exercise.

(i) Subject to the last sentence of Section 6 of this Warrant, if the Company shall (x) fail for any reason or for no reason (other than as a result of a delay caused by such holder's broker, but in such case, only to the extent and for such period of time that such broker's action or inaction is the direct cause of such delay) to, within two (2) Business Days of receipt of the Exercise Delivery Documents, (A) credit the Holder's balance account with DTC for such number of Common Shares to which the Holder is entitled upon such exercise, (B) issue and deliver to the Holder a certificate for the number of Common Shares to which the Holder is entitled upon the exercise of this Warrant, or (C) issue electronically in the name of the Holder or its designee through the Direct Registration System (DRS) of DTC such number of Common Shares to which the Holder is entitled upon such exercise, or (y) after the applicable SEC Effective Date, or at such other time as the Unrestricted Conditions have been met, issue any such Common Shares bearing, or otherwise being subject to, the 1933 Act Legend, or (z) fail for any reason or for no reason (other than as a result of a delay caused by such holder's broker, but in such case, only to the extent and for such period of time that such broker's action or inaction is the direct cause of such delay), to issue and deliver to the Holder on the Warrant Delivery Date a new Warrant for the number of Common Shares to which the Holder is entitled (taking into account the limitations or restrictions on the exercise of this Warrant set forth in the first paragraph of this Warrant) pursuant to Section 2(b) hereof, if any, then the Company shall, in addition to any other remedies under this Warrant or the Securities Purchase Agreement or otherwise available to the Holder, including any indemnification under Section 8 of the

Securities Purchase Agreement, pay as partial liquidated damages (but not as a penalty) in cash to the Holder on each day (I) after such second (2nd) Business Day that such Common Shares are not issued and delivered to the Holder, in the case of clause (x) above, or (II) that such Common Shares bear, or are otherwise subject to, the 1933 Act Legend, in the case of clause (y) above, or (III) after such third (3rd) Business Day that such Warrant is not delivered, in the case of clause (z) above, in an amount equal to the sum of (i) in the case of the failure to deliver Common Shares (or to issue Common Shares without the 1933 Act Legend, as applicable), 0.25% of the product of (X) the number of Common Shares not issued to the Holder on or prior to the Warrant Share Delivery Date and (Y) the Weighted Average Price of the Common Shares on the Warrant Share Delivery Date, and (ii) if the Company has failed to deliver a Warrant to the Holder on or prior to the Warrant Delivery Date, 0.25% of the product of (1) the number of Common Shares issuable upon exercise of the Warrant as of the Warrant Delivery Date, and (2) the Weighted Average Price of the Common Shares on the Warrant Delivery Date; provided that in no event shall cash damages accrue pursuant to this Section 2(d), during the period, if any, in which any Warrant Shares are the subject of a bona fide dispute that is subject to and being resolved pursuant to (and in compliance with the time periods and other provisions of) the dispute resolution provisions of Section 2(a), in respect to the Warrant Shares subject to such bona fide dispute. Alternatively, (A) subject to the dispute resolution provisions of Section 2(a), at the election of the Holder made in the Holder's sole discretion, the Company shall pay to the Holder, in lieu of the partial liquidated damages referred to in the preceding sentence (but not as a penalty and in addition to all other available remedies that the Holder may pursue hereunder and under the Securities Purchase Agreement (including indemnification pursuant to Section 8 thereof)), 110% of the amount by which (x) the Holder's total purchase price (including brokerage commissions, if any) for Common Shares purchased to make delivery in satisfaction of a sale by the Holder of the Common Shares to which the Holder is entitled but has not received upon an exercise (or which bear, or are otherwise subject to, the 1933 Act Legend), exceeds (y) the net proceeds received by the Holder from the sale of the Common Shares to which the Holder is entitled but has not received upon such exercise (or which bear, or are otherwise subject to, the 1933 Act Legend), and (B) at the option of Holder, either (I) such exercise of this Warrant shall be cancelled and the Company shall reinstate the portion of this Warrant and the related number of Warrant Shares with respect to such exercise, or (II) the Company shall deliver to the Holder the number of Warrant Shares that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder.

(e) Cashless Exercise. Notwithstanding anything contained herein to the contrary, if at any time after the date that is 180 days after the Closing Date (as such term is defined in the Securities Purchase Agreement) all of the Warrant Shares issuable hereunder (without regard to any limitations or restrictions on exercise) are not registered and available for resale pursuant to an effective Registration Statement (as defined in the Registration Rights Agreement), for any reason whatsoever, including as a result of a Grace Period (as defined in the Registration Rights Agreement) or as a result of a limitation on the number of Warrant Shares that may be registered pursuant to Rule 415 under the Securities Act, the Holder may, at the Holders' election exercised in the Holder's sole discretion, exercise this Warrant in whole or in part and, in lieu of making the cash payment otherwise contemplated to be made to the Company upon such exercise in payment of the Aggregate Exercise Price, elect instead to receive upon such exercise the "Net Number" of Common Shares, free and clear of any withholding taxes, determined according to the following formula (a "**Cashless Exercise**"):

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

A= the total number of shares with respect to which this Warrant is then being exercised;

B= the Weighted Average Price of the Common Shares on the Trading Day immediately preceding the date of the delivery of the Exercise Notice; and

C= the Warrant Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

(f) Book-Entry. Notwithstanding anything to the contrary set forth herein, upon exercise of this Warrant in accordance with the terms hereof, the Holder shall not be required to physically surrender this Warrant to the Company unless it is being exercised for all of the Warrant Shares represented by the Warrant. The Holder and the Company shall maintain records showing the number of Warrant Shares exercised and issued and the dates of such exercises or shall use such other method, reasonably satisfactory to the Holder and the Company, so as not to require physical surrender of this Warrant upon each such exercise. In the event of any dispute or discrepancy, such records of the Company establishing the number of Warrant Shares to which the Holder is entitled shall be controlling and determinative in the absence of manifest error. Notwithstanding the foregoing, if this Warrant is exercised as aforesaid, the Holder may not transfer this Warrant unless the Holder first physically surrenders this Warrant to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Warrant of like tenor, registered as the Holder may request, representing in the aggregate the remaining number of Warrant Shares represented by this Warrant. The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following exercise of any portion of this Warrant, the number of Warrant Shares represented by this Warrant may be less than the number stated on the face hereof. Each Warrant shall bear the following legend:

ANY TRANSFEREE OF THIS WARRANT SHOULD CAREFULLY REVIEW THE TERMS OF THIS WARRANT, INCLUDING SECTION 2(f) HEREOF. THE SECURITIES REPRESENTED BY THIS WARRANT MAY BE LESS THAN THE NUMBER SET FORTH ON THE FACE HEREOF PURSUANT TO SECTION 2(f) HEREOF.

Section 3. Covenants as to Common Shares. The Company hereby covenants and agrees as follows:

(a) This Warrant is, and any Warrants issued in substitution for or replacement of this Warrant will upon issuance be, duly authorized and validly issued.

(b) All Warrant Shares that may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be validly issued, fully paid and non-assessable and free from all taxes, liens and charges with respect to the issue thereof.

(c) During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized and reserved at least 100% of the number of Common Shares needed to provide for the exercise of the rights then represented by this Warrant (without regard to any limitations or restrictions on exercise).

(d) The Company shall promptly secure the listing of the Common Shares issuable upon exercise of this Warrant on the Principal Market for the Common Shares and each other market or exchange on which the Common Shares are traded or listed and shall maintain, so long as any other Common Shares shall be so traded or listed, such listing of all Common Shares from time to time issuable upon the exercise of this Warrant; and the Company shall so list, and shall maintain such listing of, any other shares of capital stock of the Company issuable upon the exercise of this Warrant on the Principal Market for such capital stock and each other market or exchange on which such capital stock is listed or traded.

(e) The Company shall not, by amendment of its Certificate of Incorporation or Bylaws or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by it hereunder, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all such action as may reasonably be requested by the Holder in order to protect the exercise privilege of the Holder against impairment, consistent with the tenor and purpose of this Warrant. Without limiting the generality of the foregoing, the Company will take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Common Shares upon the exercise of this Warrant.

(f) This Warrant will be binding upon any entity succeeding to the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets.

Section 4. Taxes. The Company hereby agrees that it shall pay any and all taxes that may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant.

Section 5. Warrant Holder Not Deemed a Shareholder. No holder, as such, of this Warrant shall be deemed the holder of shares of the Company for any purpose (other than to the extent that the holder is deemed to be a beneficial holder of shares under applicable securities laws after taking into account the limitation set forth in the first paragraph of this Warrant), nor shall anything contained in this Warrant be construed to confer upon the holder hereof, as such, any of the rights of a shareholder of the Company, including any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), prior to the Deemed Issuance Date of

the Warrant Shares that the Holder is then entitled to receive upon the due exercise of this Warrant, except as otherwise provided herein. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities or as a shareholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding the foregoing, the Company will provide the Holder with copies of the same notices and other information given to the shareholders of the Company generally, contemporaneously with the giving thereof to the shareholders.

Section 6. Representations of Holder. The Holder, by the acceptance hereof, represents that it is acquiring this Warrant, and upon exercise hereof (other than pursuant to a Cashless Exercise) will acquire the Warrant Shares, for its own account and not with a view towards, or for resale in connection with, the public sale or distribution of this Warrant or the Warrant Shares, except pursuant to sales registered or exempted under the Securities Act; provided, however, that by making the representations herein, the Holder does not agree to hold this Warrant or any of the Warrant Shares for any minimum or other specific term and reserves the right to dispose of this Warrant and the Warrant Shares at any time in accordance with or pursuant to a registration statement or an exemption under the Securities Act. The Holder further represents, by acceptance hereof, that, as of this date, the Holder is an "accredited investor" as such term is defined in Rule 501(a)(3) of Regulation D promulgated by the SEC under the Securities Act (an "**Accredited Investor**"). Each delivery of an Exercise Notice, other than in connection with a Cashless Exercise, shall constitute confirmation at such time by the Holder of the representations concerning the Warrant Shares set forth in the first two sentences of this Section 6, unless contemporaneous with the delivery of such Exercise Notice, the Holder notifies the Company in writing that it is not making such representations (a "**Representation Notice**"). If the Holder delivers a Representation Notice in connection with an exercise, it shall be a condition to the Holder's exercise of this Warrant and the Company's obligations set forth in Section 2 in connection with such exercise, that the Company receive such other representations as the Company considers reasonably necessary to assure the Company that the issuance of its securities upon exercise of this Warrant shall not violate any United States or state securities laws, and the time periods for the Company's compliance with its obligations set forth in Section 2 shall be tolled until the Holder provides the Company with such other representations.

Section 7. Ownership and Transfer.

(a) The Company shall maintain at its principal executive offices (or such other office or agency of the Company as it may designate by notice to the Holder hereof), a register for this Warrant, in which the Company shall record the name and address of the Person in whose name this Warrant has been issued, as well as the name and address of each transferee. The Company may treat the Person in whose name any Warrant is registered on the register as the owner and Holder thereof for all purposes, notwithstanding any notice to the contrary, but in all events recognizing any transfers made in accordance with the terms of this Warrant.

(b) This Warrant and the rights granted hereunder shall be assignable by the Holder hereof without the consent of the Company.

(c) The Company is obligated to register the Warrant Shares for resale under the Securities Act pursuant to the Registration Rights Agreement, and the initial Holder (and assignees thereof) is entitled to the registration rights in respect of the Warrant Shares as set forth in the Registration Rights Agreement.

Section 8. Adjustment of Warrant Exercise Price and Number of Warrant Shares. The Warrant Exercise Price and the number of Common Shares issuable upon exercise of this Warrant shall be adjusted from time to time as follows:

(a) Adjustment of Warrant Exercise Price upon Subdivision or Combination of Common Shares. If the Company at any time after the date of issuance of this Warrant subdivides (by any stock split, stock dividend, recapitalization or otherwise) its outstanding Common Shares into a greater number of shares, the Warrant Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of Common Shares obtainable upon exercise of this Warrant will be proportionately increased. If the Company at any time after the date of issuance of this Warrant combines (by combination, reverse stock split or otherwise) its outstanding Common Shares into a smaller number of shares, the Warrant Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Common Shares obtainable upon exercise of this Warrant will be proportionately decreased. Any adjustment under this Section 8(a) shall become effective at the close of business on the date the subdivision or combination becomes effective

(b) Certain Events. If any event occurs of the type contemplated by the provisions of this Section 8 but not expressly provided for by such provisions, then the Company's Board of Directors will make an appropriate adjustment in the Warrant Exercise Price and the number of Common Shares obtainable upon exercise of this Warrant so as to protect the rights of the Holders of the SPA Warrants; provided that no such adjustment will increase the Warrant Exercise Price or decrease the number of Common Shares obtainable as otherwise determined pursuant to this Section 8.

(c) Notices.

(i) As soon as reasonably practicable, but in no event later than three (3) Business Days, after any adjustment of the Warrant Exercise Price, the Company will give written notice thereof to the Holder, setting forth in reasonable detail, and certifying, the calculation of such adjustment.

(ii) The Company will give written notice to the Holder at least ten (10) days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the Common Shares, (B) with respect to any pro rata subscription offer to holders of Common Shares or (C) for determining rights to vote with respect to any Organic Change (as defined below), dissolution or liquidation; provided that such information shall be made known to the public prior to or in conjunction with such notice being provided to the Holder.

(iii) The Company will also give written notice to the Holder at least twenty (20) days prior to the consummation of any Major Transaction, Organic Change, dissolution or liquidation, provided that such information shall be made known to the public prior to or in conjunction with such notice being provided to the Holder.

Section 9. Distributions; Purchase Rights; Reorganization, Reclassification, Consolidation, Merger or Sale.

(a) If the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to Holders of Common Stock, by way of return of capital or otherwise (including any dividend or other distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement or other similar transaction) (a "**Distribution**"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to receive such Distribution, and the Company shall make such Distribution to the Holder, exactly as if the Holder had exercised this Warrant in full (and, as a result, had held all of the shares of Common Stock that the Holder would have received upon such exercise, without regard to any limitations or restrictions on exercise) immediately prior to the record date for such Distribution, or if there is no record date therefor, immediately prior to the effective date of such Distribution (but without the Holder's actually having to so exercise this Warrant).

(b) In addition to any adjustments pursuant to Section 8 above, if at any time the Company grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of its capital stock (the "**Purchase Rights**"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights that the Holder could have acquired if the Holder had held the number of Common Shares acquirable upon complete exercise of this Warrant (without regard to any limitations or restrictions on exercise) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Shares are to be determined for the grant, issuance or sale of such Purchase Rights.

(c) Prior to the consummation of any Organic Change, the Company will make appropriate provision (in form and substance reasonably satisfactory to the holders of a majority of the Common Shares obtainable upon exercise of the SPA Warrants then outstanding, without regard to any limitations or restrictions on exercise (a "**Majority in Interest of Holders**")) to ensure that each of the holders of the SPA Warrants will thereafter have the right to acquire and receive in lieu of or in addition to (as the case may be in the context of any such Organic Change) the Common Shares immediately theretofore acquirable and receivable upon the exercise of such holder's SPA Warrants (without regard to any limitations or restrictions on exercise), such shares of stock, securities or assets that would have been issued or payable in such Organic Change with respect to or in exchange for the number of Common Shares that would have been acquirable and receivable upon the exercise of such holder's SPA Warrant had such Organic Change not taken place (without taking into account any limitations or restrictions on the exercisability of such SPA Warrant). In any such case, the Company will make appropriate provision (in form and substance reasonably satisfactory to a Majority in Interest of Holders) with respect to such holders' rights and interests to ensure that the provisions of Section 8 and this Section 9 will thereafter be applicable to the SPA Warrants (including, in the case of any Non-Surviving Organic Change or any other Organic Change in which the successor entity or purchasing entity is other than the Company, an immediate adjustment of each of the warrant exercise price to the value for each Common Share reflected by the terms of such Organic Change, if the value so reflected is less than the Warrant Exercise Price in effect

immediately prior to such Organic Change, and an immediate revision to the warrant exercise price to reflect the price of the common stock of the Acquiring Entity and the market in which such common stock is traded). The Company shall not effect any Non-Surviving Organic Change, unless prior to the consummation thereof, the Acquiring Entity provides a written agreement (in form and substance reasonably satisfactory to a Majority in Interest of Holders) to deliver to each holder of SPA Warrants, in exchange for each such SPA Warrant, a security of the Acquiring Entity (evidenced by a written instrument substantially similar in form and substance to this Warrant and satisfactory to a Majority in Interest of Holders) that gives effect to the foregoing provisions. For purposes of this Warrant, "**Non-Surviving Organic Change**" means (i) the sale of all or substantially all of the Company's assets (including, for the avoidance of doubt, all or substantially all of the assets of the Company and the Subsidiaries in the aggregate) to an acquiring Person or (ii) any other Organic Change following which the Company is not a surviving entity; and "**Acquiring Entity**" means the Person purchasing such assets of the Company in a Non-Surviving Organic Change or the successor resulting from any Non-Surviving Organic Change.

Section 10. Major Transaction Early Termination Right.

(a) At least 30 days prior to the consummation or occurrence of any Major Transaction prior to the Expiration Date, but, in any event, no later than the first to occur of (i) the date of the public announcement of such Major Transaction if such announcement is made before 4:00 p.m., New York City time, or (ii) the day following the public announcement of such Major Transaction if such announcement is made on and after 4:00 p.m., New York City time, the Company shall deliver written notice thereof to the Holder (a "**Major Transaction Notice**"). At any time during the period beginning after the Holder's receipt of a Major Transaction Notice and ending on the later of (x) five Trading Days prior to the consummation of such Major Transaction, and (y) ten Trading Days following the Company's delivery of such Major Transaction Notice, the Holder may require the Company to purchase (an "**Early Termination Upon Major Transaction**") all or any portion of this Warrant (without taking into account any limitations or restrictions on the exercisability of this Warrant), which shall be conditioned upon the consummation of such Major Transaction, by delivering written notice thereof ("**Major Transaction Early Termination Notice**") to the Company, which Major Transaction Early Termination Notice shall indicate the portion of the Warrant, calculated with reference to the number of Warrant Shares underlying such portion relative to the total number of Warrant Shares underlying the Warrant, that the Holder is electing to have redeemed upon the consummation of such Major Transaction. The portion of this Warrant subject to purchase pursuant to this Section 10(a) (the "**Redeemable Shares**") shall be redeemed by the Company at a price (the "**Major Transaction Warrant Early Termination Price**") payable in cash equal to the product of (A) the number of Redeemable Shares, multiplied by (B) the result of (X) either (I) in the event of a Change of Control Transaction (as defined in the Certificate of Designations) in which all of the outstanding Common Shares are exchanged for, or converted into the right to receive, consideration consisting solely of cash, then the consideration per Common Share payable in such Change of Control Transaction, or (II) otherwise, the Weighted Average Price of the Common Stock on the date immediately preceding the closing of the Major Transaction, minus (Y) the Warrant Exercise Price at such time. The Holder shall not be required to physically surrender this Warrant in connection with any election by the Holder to cause an Early Termination Upon Major Transaction.

(b) Concurrently upon the consummation of such Major Transaction, the Company shall pay the Major Transaction Warrant Early Termination Price, by wire transfer of immediately available funds, to an account designated by the Holder. Notwithstanding anything to the contrary in this Section 10, until the Major Transaction Warrant Early Termination Price is paid in full, this Warrant may be exercised, in whole or in part, by the Holder in accordance with the terms hereof.

(c) For the avoidance of doubt, the rights and obligations of the Company and the Holder upon the occurrence of such a Major Transaction are conditional upon such Major Transaction being consummated, and in the event that such Major Transaction for which the Holder is given notice is terminated prior to the consummation thereof, all actions taken under this Section 10 shall be deemed to be rescinded and null and void with respect to such Major Transaction.

(d) In the event the Holder delivers to the Company a Major Transaction Early Termination Notice, then prior to the consummation of such Major Transaction, the Company shall make arrangements (which may include obtaining a written agreement from the Acquiring Entity, as applicable, that payment of the Major Transaction Warrant Early Termination Price shall be made to the Holder upon the consummation of the Major Transaction) satisfactory to the Holder, as determined by the Holder in its sole discretion, that the Major Transaction Warrant Early Termination Price will be paid, in full, to the Holder concurrently with the consummation of such Major Transaction. The Company hereby acknowledges and agrees that the Holder shall have the right to apply for an injunction in any state or federal courts sitting in the State of Delaware to prevent the closing of the Major Transaction unless and until such arrangements reasonably satisfactory to the Holder have been made.

Section 11. Legend Removal.

(a) General. Notwithstanding anything to the contrary contained herein or in the Securities Purchase Agreement, upon the written request to the Company of a holder of a certificate or other instrument representing any Securities, the 1933 Act Legend shall be removed and the Company shall issue a certificate without the 1933 Act Legend to the holder of the Securities upon which it is stamped (or, in the case of any Warrant Shares being acquired upon exercise of this Warrant, the Company shall issue the Warrant Shares without being subject to the 1933 Act Legend), if (i) such Securities are registered for resale under the 1933 Act (the date any such registration is declared effective by SEC, the "**SEC Effective Date**"), (ii) in connection with a sale transaction, such holder provides the Company with an opinion of counsel, in a reasonably acceptable form, to the effect that a public sale, assignment or transfer of the Securities may be made without registration under the 1933 Act, (iii) such holder provides the Company reasonable assurances that the Securities have been or are being sold pursuant to Rule 144, or (iv) such holder certifies, on or after the date that is six (6) months after the date on which such holder acquired the Securities (or is deemed to have acquired the Securities under Rule 144, which, in the case of Warrant Shares issued upon exercise of this Warrant pursuant to a Cashless Exercise, shall be the Warrant Date, regardless of any exchange or replacement thereof), that such holder is not an "affiliate" of the Company (as defined in Rule 144) (collectively, the "**Unrestricted Conditions**"). The Company shall cause its counsel to issue a legal opinion to the transfer agent for the Common Stock promptly after the applicable SEC

Effective Date, or at such other time as the Unrestricted Conditions have been met, if required by such transfer agent to effect the issuance of the applicable Warrant or Warrant Shares without the 1933 Act Legend or removal of the 1933 Act Legend. If the Unrestricted Conditions are met with respect to this Warrant or any Warrant Shares at the time of issuance of such Security, then such Security shall be issued free of the 1933 Act Legend. The Company agrees that, following the applicable SEC Effective Date with respect to any Securities or at such time as the Unrestricted Conditions are otherwise met or the 1933 Act Legend is otherwise no longer required under this Section 11(a), any instruments or certificates representing such Securities bearing the 1933 Act Legend may be exchanged for certificates bearing no 1933 Act Legend. The Company shall, or shall cause the transfer agent for the Common Stock (as applicable), to deliver the instruments or certificates not bearing, or otherwise issue such Securities without being subject to, as applicable, such legend within three (3) Business Days after receipt of the legended Securities (or any certificate or instrument representing such Securities). The Company shall be responsible for the fees of its transfer agent and all of the DTC fees associated with any issuance hereunder.

(b) Company's Failure to Timely Remove Legends. If, following the applicable SEC Effective Date or at such time as the Unrestricted Conditions are otherwise met or the 1933 Act Legend is otherwise no longer required under Section 11(a) hereof, the Company fails to deliver, or cause the transfer agent for the Common Stock to deliver (other than as a result of a delay caused by such holder's broker, but in such case, only to the extent and for such period of time that such broker's action or inaction is the direct cause of such delay), a Warrant or any Warrant Shares (including any certificate or instrument representing any such Warrant or Warrant Shares) that do not bear and are not otherwise subject to the 1933 Act Legend within three Business Days after receipt of legended Securities (or any certificate or instrument representing such Securities), then the Company shall pay, as partial liquidated damages (but not as a penalty and in addition to all other available remedies which such holder may pursue hereunder and under the Securities Purchase Agreement (including indemnification pursuant to Section 8 thereof)), to such holder on each day after such third (3rd) Business Day that such delivery of such unlegended Securities is not timely effected in an amount equal to 0.25% of the product of (A) the sum of (x) the number of shares of Common Stock, and (y) the number of shares of Common Stock issuable upon exercise of the Warrant, in each case that were not so-delivered to the holder without being subject to the 1933 Act Legend, and (B) the Weighted Average Price of the Common Stock on the last possible date which the Company could have issued such unlegended Securities to such holder without violating Section 11(a). For the avoidance of doubt, any payments pursuant to this Section 11(b) shall be duplicative of any payments made pursuant to Section 2(d) hereof upon any exercise of this Warrant.

Section 12. Lost, Stolen, Mutilated or Destroyed Warrant. If this Warrant is lost, stolen, mutilated or destroyed, the Company shall promptly, on receipt of an indemnification undertaking, in customary form, by the Holder (or in the case of a mutilated Warrant, the Warrant), issue a new Warrant of like denomination and tenor as this Warrant so lost, stolen, mutilated or destroyed.

Section 13. Notice. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Warrant must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by

both email and facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) one (1) Business Day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses, email addresses and facsimile numbers for such communications shall be:

If to the Company:

Stereotaxis, Inc.
4320 Forest Park Avenue, Suite 100
St. Louis, Missouri 63108
Email: marty.stammer@stereotaxis.com and
karen.duros@stereotaxis.com
Facsimile: (314) 667-3448
Attention: Marty Stammer and Karen Duros

With copy to:

Bryan Cave LLP
One Metropolitan Square
211 N. Broadway, Suite 3600
St. Louis, Missouri 63102
Email: rjendicott@bryancave.com and todd.kaye@bryancave.com
Facsimile: (314) 552-8447 and (314) 552-8194
Attention: Robert J. Endicott and Todd M. Kaye

If to a Holder, to it at the address, email address and facsimile number set forth on the Schedule of Buyers to the Securities Purchase Agreement, with copies to the Holder's representatives as set forth on such Schedule of Buyers, or, in the case of the Holder or any other Person named above, at such other address and/or email address and/or facsimile number and/or to the attention of such other person as the recipient party has specified by written notice to the other party at least five (5) days prior to the effectiveness of such change. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender's facsimile machine containing the time, date, recipient facsimile number and an image of the first page of such transmission or (C) provided by a nationally recognized overnight delivery service shall be rebuttable evidence of personal service, receipt by facsimile or deposit with a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

Section 14. Date. The date of this Warrant is **[INSERT: Closing Date]** (the "**Warrant Date**"). This Warrant, in all events, shall be wholly void and of no effect after 11:59 P.M., New York Time, on the Expiration Date, except that notwithstanding any other provisions hereof, the provisions of Section 7 shall continue in full force and effect after such date as to any Warrant Shares or other securities issued upon the exercise of this Warrant.

Section 15. Amendment and Waiver. Except as otherwise provided herein, the provisions of the SPA Warrants may be amended and the Company may take any action herein prohibited,

or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the holders of SPA Warrants representing at least a majority of the Common Shares obtainable upon exercise of the SPA Warrants then outstanding; provided that no such action may increase the Warrant Exercise Price of any SPA Warrant or decrease the number of shares or change the class of stock obtainable upon exercise of any SPA Warrant without the written consent of the holder of such SPA Warrant. No such amendment shall be effective to the extent that it applies to less than all of the SPA Warrants then outstanding. No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification or supplement of any provision of the SPA Warrants unless the same consideration also is offered to all of the holders of the SPA Warrants. For clarification purposes, this provision constitutes a separate right granted to such holder of SPA Warrants and is not intended for the Company to treat such holders as a class and shall not be construed in any way as such holders acting in concert or otherwise as a group with respect to the purchase, disposition or voting of securities or otherwise.

Section 16. Descriptive Headings; Governing Law. The descriptive headings of the several sections and paragraphs of this Warrant are inserted for convenience only and do not constitute a part of this Warrant. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be governed by the internal laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

Section 17. Rules of Construction. Unless the context otherwise requires, (a) all references to Sections, Schedules or Exhibits are to Sections, Schedules or Exhibits contained in or attached to this Warrant, (b) words in the singular or plural include the singular and plural and pronouns stated in either the masculine, the feminine or neuter gender shall include the masculine, feminine and neuter and (c) the use of the word “including” in this Warrant shall be by way of example rather than limitation.

Section 18. Signatures. In the event that any signature to this Warrant or any amendment hereto is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original thereof. Notwithstanding the foregoing, the Company shall be obligated to deliver to the Holder an originally executed Warrant. No party hereto shall raise the use of a facsimile machine or e-mail delivery of a “.pdf” format data file to deliver a signature to this Warrant or any amendment hereto or the fact that such signature was transmitted or communicated through the use of a facsimile machine or e-mail delivery of a “.pdf” format data file as a defense to the formation or enforceability of a contract, and each party hereto forever waives any such defense.

Section 19. Remedies. The Company acknowledges that a breach by it of its obligations under this Warrant may cause irreparable harm to the holders of the Securities. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Warrant may be inadequate and agrees that, in the event of a breach or threatened breach of this Warrant, such holder shall be entitled, in addition to all other available remedies,

to an injunctive order and/or injunction restraining any breach and requiring immediate compliance, without the necessity of showing economic loss and without any bond or other security being required.

* * * * * *

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed as of the day of , 2016.

STEREOTAXIS, INC.

By: _____
Name: _____
Title: _____

EXHIBIT A TO WARRANT

EXERCISE NOTICE

TO BE EXECUTED BY THE REGISTERED HOLDER TO EXERCISE THIS WARRANT

STEREOTAXIS, INC.

The undersigned Holder hereby exercises the right to purchase of the Common Shares ("**Warrant Shares**") of Stereotaxis, Inc., a Delaware corporation (the "**Company**"), evidenced by the attached Warrant (the "**Warrant**"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Form of Warrant Exercise Price. The Holder intends that payment of the Warrant Exercise Price shall be made as:

_____ a "**Cash Exercise**" with respect to Warrant Shares;

and/or

_____ a "**Cashless Exercise**" with respect to Warrant Shares

2. Payment of Warrant Exercise Price. In the event that the Holder has elected a Cash Exercise with respect to some or all of the Warrant Shares to be issued pursuant hereto, the Holder shall pay the Aggregate Exercise Price in the sum of $ to the Company in accordance with the terms of the Warrant.

3. Exercise Trigger Transaction. This exercise of the Warrant is conditioned upon the consummation of the following Exercise Trigger Transaction:[1]

4. Delivery of Warrant Shares. The Company shall issue Warrant Shares in accordance with the terms of the Warrant as follows:

☐ Deposit/Withdrawal At Custodian (DWAC) system; or

☐ Physical Certificate; or

☐ Direct Registration System (DRS)

Issue to: _____

Address (for delivery of physical certificate or DRS statement, as applicable): _____

_____

Facsimile Number: _____

DTC Participant Number and Name (if through DWAC): _____

Account Number (if through DWAC): _____

Date: ,

Name of Registered Holder

_____

Name:
Title:

1 No such condition applies if left blank

EXHIBIT B TO WARRANT

FORM OF WARRANT POWER

FOR VALUE RECEIVED, the undersigned does hereby assign and transfer to , Federal Identification No. , a warrant to purchase shares of the capital stock of Stereotaxis, Inc., a Delaware corporation, represented by warrant certificate no. , standing in the name of the undersigned on the books of said corporation. The undersigned does hereby irrevocably constitute and appoint , attorney to transfer the warrants of said corporation, with full power of substitution in the premises.

Dated: , 201

Name: _____

Title: _____

Exhibit 10.1

EXECUTION VERSION

SECURITIES PURCHASE AGREEMENT

SECURITIES PURCHASE AGREEMENT (the "**Agreement**"), dated as of September 26, 2016, by and among Stereotaxis, Inc., a Delaware corporation, with headquarters located at 4320 Forest Park Avenue, Suite 100, St. Louis, MO 63108 (the "**Company**"), and the investors listed on the Schedule of Buyers attached hereto (individually, a "**Buyer**" and collectively, the "**Buyers**").

WHEREAS:

A. The Company and the Buyers are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by Rule 506 of Regulation D ("**Regulation D**") as promulgated by the United States Securities and Exchange Commission (the "**SEC**") under the Securities Act of 1933, as amended (the "**1933 Act**");

B. The Buyers, severally, and not jointly, wish to purchase from the Company, and the Company wishes to sell to the Buyers, upon the terms and conditions stated in this Agreement, (i) an aggregate of 24,000 shares (the "**Preferred Shares**") of a newly created series of preferred stock, with a stated value of $1,000 per share (the "**Preferred Stock**"), designated Series A Convertible Preferred Stock, which shall be convertible into shares of the Company's common stock, par value $0.001 per share (the "**Common Stock**"; the shares of Common Stock issuable upon conversion of the Preferred Shares being referred to as the "**Conversion Shares**"), in accordance with the terms of the Company's Certificate of Designations, Preferences and Rights of the Series A Convertible Preferred Stock, in the form attached hereto as Exhibit A (as the same may be amended, restated, modified or supplemented and in effect from time to time, the "**Certificate of Designations**"), and (ii) warrants, substantially in the form attached hereto as Exhibit B, to purchase an aggregate of 36,923,077 shares of Common Stock (as the same may be amended, restated, modified or supplemented and in effect from time to time, the "**Warrants**"; the shares of Common Stock issuable upon exercise of the Warrants being referred to as the "**Warrant Shares**");

C. Contemporaneously with the execution and delivery of this Agreement, the parties hereto are executing and delivering a Registration Rights Agreement, substantially in the form attached as Exhibit C (as the same may be amended, restated, modified or supplemented and in effect from time to time, the "**Registration Rights Agreement**"), pursuant to which the Company has agreed to provide certain registration rights under the 1933 Act and the rules and regulations promulgated thereunder, and applicable state securities laws;

D. Prior to the Closing (as defined below), the Company will file the Certificate of Designations with the Secretary of State of the State of Delaware; and

E. The Company desires to consummate, concurrent with the Closing (as defined below), pursuant to the agreements (the "**HRP Transaction Documents**") set forth on Schedule I (copies of which have been provided to the Buyers prior to the date of this Agreement), a transaction to pay to Healthcare Royalty Partners II, L.P. ("**HRP**") the sum of

$13,000,000, which shall, pursuant to the provisions of the HRP Transaction Documents, satisfy in full any and all obligations of the Company and the Subsidiaries owed to HRP and which transaction is described in greater detail on Schedule I hereto (the "**HRP Transaction**"), and the concurrent consummation of the HRP Transaction shall be a condition to the Buyers' respective obligations to consummate the Closing hereunder.

NOW THEREFORE, the Company and the Buyers hereby agree as follows:

1. PURCHASE AND SALE OF PREFERRED SHARES AND WARRANTS.

a. Purchase of Preferred Shares and Warrants. Subject to the satisfaction (or waiver) of the conditions set forth in Sections 6 and 7 below, on the Closing Date (as defined in Section 1.b), the Company shall issue and sell to each Buyer, and each Buyer severally agrees to purchase from the Company, the number of Preferred Shares, and related Warrants representing the right to purchase the number of shares of Common Stock, set forth opposite such Buyer's name in the third and fourth columns, respectively, on the Schedule of Buyers (the "**Closing**"). The purchase price (the "**Purchase Price**") of the Preferred Shares and the related Warrants at the Closing shall be equal to $1,000 (representing an aggregate Purchase Price of Twenty-Four Million Dollars ($24,000,000) for the aggregate 24,000 Preferred Shares, and related Warrants to purchase an aggregate of 36,923,077 shares of Common Stock, to be purchased at the Closing).

b. The Closing Date. The date and time of the Closing (the "**Closing Date**") shall be 10:00 a.m., New York City time, on the third Business Day following the date of this Agreement, subject to the satisfaction (or waiver) of all of the conditions to the Closing set forth in Sections 6 and 7 (or such later or earlier date as is mutually agreed to in writing by the Company and the Buyers). The Closing shall occur on the Closing Date at the offices of Katten Muchin Rosenman LLP, 525 West Monroe Street, Chicago, Illinois 60661-3693 or at such other place as the Company and the Buyers may collectively designate in writing. For purposes of this Agreement, "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in the City of New York are authorized or required by law to remain closed.

c. Form of Payment. On the Closing Date, (i) each Buyer shall pay the applicable Purchase Price to the Company for the Preferred Shares and related Warrants to be issued and sold to such Buyer on the Closing Date, by wire transfer of immediately available funds in accordance with the Company's written wire instructions, less any amount withheld pursuant to Section 4.h, and (ii) the Company shall deliver to each Buyer, a stock certificate (or stock certificates representing such numbers of Preferred Shares as such Buyer shall request) (the "**Preferred Stock Certificates**") representing (in the aggregate) the number of Preferred Shares that such Buyer is purchasing on the Closing Date, along with, at the Closing, warrants representing the Warrants that such Buyer is purchasing on the Closing Date, in each case duly executed on behalf of the Company and registered in the name of such Buyer or its designee(s) on the books and records of the Company.

2. BUYER'S REPRESENTATIONS AND WARRANTIES.

Each Buyer represents and warrants, severally and not jointly, as of the date of this Agreement and the Closing Date, with respect to only itself, that:

a. Investment Purpose. Such Buyer (i) is acquiring the Preferred Shares and the Warrants purchased by such Buyer hereunder, (ii) upon any conversion of such Preferred Shares, will acquire the Conversion Shares then issuable, and (iii) upon any exercise of such Warrants, will acquire the Warrant Shares then-issuable upon exercise thereof (the Preferred Shares, the Conversion Shares, the Warrants and the Warrant Shares being collectively referred to herein as the "**Securities**") for its own account and not with a view towards, or for resale in connection with, the public sale or distribution thereof, except pursuant to sales registered under, or exempted from, the registration requirements of the 1933 Act; provided, however, that by making the representations herein, such Buyer does not agree to hold any of the Securities for any minimum or other specific term and reserves the right to assign, transfer or otherwise dispose of any of the Securities at any time in accordance with or pursuant to a registration statement or an exemption under the 1933 Act.

b. Accredited Investor Status. Such Buyer is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D.

c. Reliance on Exemptions. Such Buyer understands that the Securities are being offered and sold to it in reliance on specific exemptions from the registration requirements of the United States federal and state securities laws and that the Company is relying in part upon the truth and accuracy of, and such Buyer's compliance with, the representations, warranties, agreements, acknowledgments and understandings of such Buyer set forth herein in order to determine the availability of such exemptions.

d. Information. Such Buyer and its advisors, if any, have been furnished with all materials relating to the business, finances and operations of the Company and materials relating to the offer and sale of the Securities that have been requested by such Buyer. Such Buyer and its advisors, if any, have been afforded the opportunity to ask questions of the Company. Neither such inquiries nor any other due diligence investigations conducted by such Buyer or its advisors, if any, or its representatives shall modify, amend or affect such Buyer's right to rely on the Company's representations and warranties contained in Section 3 below. Such Buyer acknowledges that the Company, its employees, agents and attorneys are not making any representations or warranties to such Buyer in making such Buyer's investment decision with respect to the Securities to be issued on the Closing Date other than such representations and warranties set forth in the Transaction Documents, including as set forth in Section 3 below, and the Certificate of Designations. Such Buyer can bear the economic risk of a total loss of its investment in the Securities being offered and has such knowledge and experience in business and financial matters so as to enable it to understand the risks of and investment decision with respect to its investment in the Securities.

e. No Governmental Review. Such Buyer understands that no United States federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Securities or the fairness or suitability of the investment in the Securities nor have such authorities passed upon or endorsed the merits of the offering of the Securities.

f. Transfer or Resale. Such Buyer understands that, except as provided in the Registration Rights Agreement, (i) the Securities have not been and are not being registered under the 1933 Act or any state securities laws, and may not be offered for sale, sold, assigned or transferred unless (A) subsequently registered thereunder, (B) such Buyer shall have delivered to the Company an opinion of counsel, in a generally acceptable form, to the effect that such Securities to be sold, assigned or transferred may be sold, assigned or transferred pursuant to an exemption from such registration, or (C) such Buyer provides the Company with reasonable assurance that such Securities have been or can be sold, assigned or transferred pursuant to Rule 144 promulgated under the 1933 Act (or a successor rule thereto) ("**Rule 144**"); and (ii) neither the Company nor any other Person is under any obligation to register the Securities under the 1933 Act or any state securities laws or to comply with the terms and conditions of any exemption thereunder. Notwithstanding the foregoing, the Securities may be pledged in connection with a bona fide margin account or other loan or financing arrangement secured by the Securities. As used in this Agreement, "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization or a government or any department or agency thereof or any other legal entity.

g. Legends. Such Buyer understands that, subject to Section 2(f) of the Certificate of Designations and Section 11 of each of the Warrants, the certificates or other instruments representing the Securities, except as set forth below, shall bear a restrictive legend in substantially the following form (the "**1933 Act Legend**"):

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS OR (B) AN OPINION OF COUNSEL, IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR APPLICABLE STATE SECURITIES LAWS OR (II) UNLESS SOLD PURSUANT TO RULE 144 UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

h. Authorization; Enforcement; Validity. To the extent such Buyer is a corporation, partnership, limited liability company or other entity, such Buyer is a validly existing corporation, partnership, limited liability company or other entity and has the requisite corporate, partnership, limited liability or other organizational power and authority to purchase the Securities pursuant to this Agreement. To the extent such Buyer is an individual, such Buyer has the legal capacity to purchase the Securities pursuant to this Agreement. This

Agreement and the Registration Rights Agreement have been duly and validly authorized (as applicable), executed and delivered on behalf of such Buyer and are valid and binding agreements of such Buyer, enforceable against such Buyer in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, fraudulent conveyance or similar laws affecting creditors' rights generally and general principles of equity. The agreements entered into and documents executed by such Buyer in connection with the transactions contemplated hereby and thereby as of the Closing will have been duly and validly authorized (as applicable), executed and delivered on behalf of such Buyer as of the Closing, and will be valid and binding agreements of such Buyer enforceable against such Buyer in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, fraudulent conveyance or similar laws affecting creditors' rights generally and general principles of equity.

i. Residency. Such Buyer is a resident of that jurisdiction specified below its address on the Schedule of Buyers.

3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants, as of the date of this Agreement and the Closing Date to each of the Buyers that:

a. Organization and Qualification. Set forth in Schedule 3.a is a true and correct list of the entities in which the Company, directly or indirectly, owns capital stock or holds an equity or similar interest, together with their respective jurisdictions of organization and the percentage of the outstanding capital stock or other equity interests of each such entity that is held by the Company or any of the Subsidiaries. Other than with respect to the entities listed on Schedule 3.a, the Company does not directly or indirectly own any security or beneficial ownership interest, in any other Person (including through joint venture or partnership agreements) or have any interest in any other Person. Each of the Company and the Subsidiaries is a corporation, limited liability company, partnership or other entity and is duly organized or formed and validly existing in good standing under the laws of the jurisdiction in which it is incorporated or otherwise organized and has the requisite corporate, partnership, limited liability company or other organizational power and authority to own its properties, and to carry on its business as now being conducted. The Company is duly qualified to do business and is in good standing in every jurisdiction in which its ownership of property, or the nature of the business conducted by the Company makes such qualification necessary, except to the extent that the failure to be so qualified or be in good standing would not be reasonably expected to have a Material Adverse Effect. As used in this Agreement, "**Material Adverse Effect**" means any material adverse effect on (i) the business, properties, assets, operations, results of operations or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole, or on the transactions contemplated hereby or on the agreements and instruments to be entered into in connection herewith (including the legality, validity or enforceability thereof), or on the authority or ability of the Company to perform its obligations under the Transaction Documents (as defined in Section 3.b) or the Certificate of Designations or (ii) the rights and remedies of any of the Buyers under the Transaction Documents or the Certificate of Designations. Except as set forth in Schedule 3.a, the Company holds all right, title and interest in and to 100% of the capital stock, equity or similar interests of each of the Subsidiaries, in each case, free and clear of any Liens (as defined below), including any

restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of free and clear ownership by a current holder, and no such Subsidiary owns capital stock or holds an equity or similar interest in any other Person. For purposes of this Agreement, "**Lien**" means, with respect to any asset, any mortgage, lien, pledge, hypothecation, charge, security interest, encumbrance or adverse claim of any kind or any restrictive covenant, condition, restriction or exception of any kind that has the practical effect of creating a mortgage, lien, pledge, hypothecation, charge, security interest, encumbrance or adverse claim of any kind; and "**Subsidiary**" means any entity in which the Company, directly or indirectly, owns any of the outstanding capital stock, equity or similar interests or voting power of such entity at the time of this Agreement or at any time hereafter, whether directly or through any other Subsidiary.

b. Authorization; Enforcement; Validity. The Company has the requisite corporate power and authority to enter into and perform its obligations under each of this Agreement, the Registration Rights Agreement, the Irrevocable Transfer Agent Instructions (as defined in Section 5), the Warrants and each of the other agreements to which it is a party or by which it is bound and which is entered into by the parties hereto in connection with the transactions contemplated hereby and thereby (collectively, the "**Transaction Documents**"), and under the Certificate of Designations, and to issue the Securities in accordance with the terms hereof and of the other Transaction Documents and of the Certificate of Designations. The execution and delivery of the Transaction Documents and the Certificate of Designations by the Company, and the consummation by the Company of the transactions contemplated hereby and thereby, including the issuance of the Preferred Shares and the Warrants and the reservation for issuance and the issuance of the Conversion Shares and Warrant Shares issuable upon conversion or exercise thereof, as applicable, have been duly authorized by the Board of Directors of the Company (the "**Company Board**") and no further consent or authorization is required by the Company, the Company Board or the Company's stockholders. Other than with respect to the HRP Transaction, none of the Company Board or the board of directors, board of managers or other governing body of the Subsidiaries has authorized or approved, or taken any action to authorize or approve, any transaction to pay, repay, redeem or refinance any indebtedness of the Company or any of the Subsidiaries prior to, substantially concurrent with, or following the Closing, other than the payment of trade payables in the ordinary course of business, consistent with past practices. This Agreement and the other Transaction Documents dated of even date herewith have been duly executed and delivered by the Company and constitute the valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as may be limited by bankruptcy, insolvency, fraudulent conveyance or similar laws affecting creditors' rights generally and general principles of equity. As of the Closing, the Transaction Documents dated after the date of this Agreement and on or prior to the date of the Closing shall have been duly executed and delivered by the Company and shall constitute the valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as may be limited by bankruptcy, insolvency, fraudulent conveyance or similar laws affecting creditors' rights generally and general principles of equity. Prior to the Closing Date, the Certificate of Designations will have been filed with the Secretary of State of the State of Delaware and will be in full force and effect, enforceable against the Company in accordance with its terms.

c. Capitalization. The authorized capital stock of the Company consists of (i) 300,000,000 shares of Common Stock, of which as of the date of this Agreement 21,891,191

shares are issued and outstanding, 3,569,560 shares are reserved for issuance pursuant to the Company's stock option, restricted stock and stock purchase plans, including 1,852,347 shares issuable pursuant to outstanding awards under such plans, and 2,040,365 shares are issuable and reserved for issuance pursuant to securities issued or to be issued (other than the Preferred Shares and the Warrants, and other than pursuant to the Company's stock option, restricted stock and stock purchase plans) exercisable or exchangeable for, or convertible into, shares of Common Stock, and (ii) 10,000,000 shares of preferred stock, $0.001 par value, of which 24,000 shares are designated as Series A Convertible Preferred Stock, and as of the date of this Agreement no shares of preferred stock are issued and outstanding. All of such outstanding or issuable shares have been, or upon issuance will be, validly issued and are, or upon issuance will be, fully paid and nonassessable. Except as disclosed in Schedule 3.c, (A) no shares of the capital stock of the Company are subject to preemptive rights or any other similar rights or any Liens suffered or permitted by the Company; (B) there are no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into or exchangeable or exercisable for, any shares of capital stock of the Company or any of the Subsidiaries, or contracts, commitments, understandings or arrangements by which the Company or any of the Subsidiaries is or may become bound to issue additional shares of capital stock of the Company or any of the Subsidiaries, or options, warrants or scrip for rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into or exercisable or exchangeable for, any shares of capital stock of the Company or any of the Subsidiaries; (C) there are no agreements or arrangements under which the Company or any of the Subsidiaries is obligated to register the sale of any of their securities under the 1933 Act (except the Registration Rights Agreement); (D) there are no outstanding securities or instruments of the Company or any of the Subsidiaries that contain any redemption or similar provisions, and there are no contracts, commitments, understandings or arrangements by which the Company or any of the Subsidiaries is or may become bound to redeem a security of the Company and no other stockholder or similar agreement to which the Company or any of the Subsidiaries is a party; (E) there are no securities or instruments containing anti-dilution or similar provisions that will or may be triggered by the issuance of the Securities; and (F) the Company does not have any stock appreciation rights or "phantom stock" plans or agreements or any similar plan or agreement. The Company has furnished to each Buyer true and correct copies of the Company's Amended and Restated Certificate of Incorporation, as amended and as in effect on the date this representation is made (the "**Certificate of Incorporation**"), and the Company's Amended and Restated Bylaws, as amended and as in effect on the date this representation is made (the "**Bylaws**"), and all documents and instruments containing the terms of all securities convertible into, or exercisable or exchangeable for, Common Stock, and the material rights of the holders thereof in respect thereto.

d. Issuance of Securities. The Preferred Shares are duly authorized and, upon issuance in accordance with the terms hereof, (i) will be validly issued, fully paid and non-assessable, and will be free from all taxes and Liens with respect to the issuance thereof and (ii) the holders thereof will be entitled to the rights set forth in the Certificate of Designations. The Warrants are duly authorized and, upon issuance in accordance with the terms hereof, (x) will be free from all taxes and Liens with respect to the issuance thereof and (y) the holders thereof will be entitled to the rights set forth in the Warrants. At least 73,872,000 shares of Common Stock (subject to adjustment pursuant to the Company's covenant set forth in

Section 4.f) have been duly authorized and reserved for issuance upon conversion of the Preferred Shares and upon exercise of the Warrants. Upon conversion in accordance with the Certificate of Designations and upon exercise in accordance with the Warrants, as the case may be, the Conversion Shares and the Warrant Shares will be validly issued, fully paid and nonassessable and free from all taxes and Liens with respect to the issue thereof, with the holders being entitled to all rights accorded to a holder of Common Stock. The issuance by the Company of the Securities is exempt from registration under the 1933 Act and applicable state securities laws.

e. No Conflicts.

(i) The execution and delivery of the Transaction Documents by the Company and, to the extent applicable, the Subsidiaries, the performance by such parties of their obligations thereunder and under the Certificate of Designations and the consummation by such parties of the transactions contemplated hereby and thereby (including the reservation for issuance and issuance of the Conversion Shares and the Warrant Shares) will not (A) result in a violation of the Certificate of Incorporation, the Certificate of Designations or the Bylaws; (B) conflict with, or constitute a breach or default (or an event which, with the giving of notice or lapse of time or both, constitutes or would constitute a breach or default) under, or give to others any right of termination, amendment, acceleration or cancellation of, or other remedy with respect to, any agreement, indenture or instrument to which the Company or any of the Subsidiaries is a party; or (C) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws and regulations) applicable to the Company or any of the Subsidiaries or by which any property or asset of the Company or any of the Subsidiaries is bound or affected, except in the case of each of (B) and (C) above, as would not reasonably be expected to have a Material Adverse Effect. Except for the filings and listings contemplated by the Registration Rights Agreement, the filing of current reports on Form 8-K as contemplated by Section 4.i hereof, and as set forth on Schedule 3.e, the Company is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court or governmental agency or any regulatory or self-regulatory agency in order for it to execute, deliver or perform any of its obligations under, or otherwise consummate any of the transactions contemplated by, this Agreement, any of the other Transaction Documents or the Certificate of Designations in accordance with the terms hereof or thereof. All consents, authorizations, orders, filings and registrations that the Company is or has been required to obtain as described in the preceding sentence have been obtained or effected on or prior to the date of this Agreement or shall be obtained or effected prior to the applicable due date thereafter, as provided by applicable law, this Agreement or otherwise.

(ii) The Company has not violated any term of its Certificate of Incorporation or Bylaws. Neither the Company nor any of the Subsidiaries has violated any material term of and has not been in default under (or with the giving of notice or lapse of time or both would have been in violation of or default under) any contract, agreement, mortgage, indebtedness, indenture, instrument, judgment, decree or order or any statute, rule or regulation applicable to the Company or any of the Subsidiaries, which violation or default would or would reasonably be expected to have a Material Adverse Effect. The business of the Company and the Subsidiaries has not been conducted in violation of any law, ordinance or regulation of any governmental entity, which violation would or would reasonably be expected to have a Material Adverse Effect.

f. SEC Documents; Financial Statements; Sarbanes-Oxley.

(i) Since December 31, 2014, the Company has filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Securities Exchange Act of 1934 Act, as amended (the "**1934 Act**") (all of the foregoing filed prior to the date this representation is made (including all exhibits included therein and financial statements and schedules thereto and documents incorporated by reference therein) being hereinafter referred to as the "**SEC Documents**"), other than certain filings required to be filed by Company officers and directors pursuant to Section 16 of the 1934 Act that were not filed on a timely basis. The Company has made available to the Buyers or their respective representatives, or filed and made publicly available on the SEC's Electronic Data Gathering, Analysis, and Retrieval system (or successor thereto) ("**EDGAR**") no less than three (3) days prior to the date this representation is made, true and complete copies of the SEC Documents. Each of the SEC Documents was filed with the SEC within the time frames prescribed by the SEC for the filing of such SEC Documents such that each filing was timely filed with the SEC. As of their respective dates, the SEC Documents complied in all material respects with the requirements of the 1934 Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents. None of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Since the filing of the SEC Documents, no event has occurred that would require an amendment or supplement to any of the SEC Documents and as to which such an amendment has not been filed and made publicly available on the SEC's EDGAR system no less than three (3) days prior to the date this representation is made. The Company has not received any written comments from the SEC staff that have not been resolved to the satisfaction of the SEC staff.

(ii) As of their respective dates, the consolidated financial statements of the Company and the Subsidiaries included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been prepared in accordance with United States generally accepted accounting principles ("**GAAP**"), consistently applied, during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto, or (ii) in the case of unaudited interim statements, to the extent they may exclude footnotes) and fairly present in all material respects the consolidated financial position of the Company and the Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements for periods subsequent to December 31, 2015, to normal year-end audit adjustments that are described on Schedule 3.f or that are not material individually or in the aggregate). None of the Company, the Subsidiaries and their respective officers, directors and Affiliates or, to the Company's Knowledge, any stockholder of the Company has made any filing with the SEC (other than the SEC Documents), issued any press release or made, distributed, paid for or approved (or engaged any other Person to make or distribute) any other public statement, report, advertisement or communication on behalf of the Company or any of the Subsidiaries or

otherwise relating to the Company or any of the Subsidiaries that contains any untrue statement of a material fact or omits any statement of material fact necessary in order to make the statements therein, in the light of the circumstances under which they are or were made, not misleading or has provided any other information to the Buyers, including information referred to in Section 2.d, that contains any untrue statement of a material fact or, with respect to written information, omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they are or were made, not misleading. The Company is not required to file and will not be required to file any agreement, note, lease, mortgage, deed or other instrument entered into prior to the date this representation is made and to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries is bound that has not been previously filed as an exhibit (including by way of incorporation by reference) to the Company's reports filed or made with the SEC under the 1934 Act. The accounting firm that expressed its opinion with respect to the consolidated financial statements included in the Company's most recently filed annual report on Form 10-K, and reviewed the consolidated financial statements included in the Company's most recently filed quarterly report on Form 10-Q, was independent of the Company pursuant to the standards set forth in Rule 2-01 of Regulation S-X promulgated by the SEC and as required by the applicable rules and guidance from the Public Company Accounting Oversight Board (United States), and such firm was otherwise qualified to render such opinion under applicable law and the rules and regulations of the SEC. There is no transaction, arrangement or other relationship between the Company and an unconsolidated or other off-balance-sheet entity that is required to be disclosed by the Company in its reports pursuant to the 1934 Act that has not been so disclosed in the SEC Documents.

(iii) The Company is in all material respects in compliance with applicable provisions of the Sarbanes-Oxley Act of 2002, as amended, and the rules and regulations thereunder (collectively, "**Sarbanes-Oxley**").

(iv) Since December 31, 2014, except as set forth on Schedule 3.f, neither the Company nor any of the Subsidiaries nor, to the Company's Knowledge, any director, officer or employee, of the Company or any of the Subsidiaries, has received or otherwise obtained any material complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods of the Company or any of the Subsidiaries or its internal accounting controls, including any complaint, allegation, assertion or claim that the Company or any of the Subsidiaries has engaged in questionable accounting or auditing practices. No attorney representing the Company or any of the Subsidiaries, whether or not employed by the Company or any of the Subsidiaries, has reported evidence of a material violation of securities laws, breach of fiduciary duty or similar violation by the Company or any of the Subsidiaries or any of their respective officers, directors, employees or agents to the Company Board or any committee thereof or to any director or officer of the Company pursuant to Section 307 of Sarbanes-Oxley, and the SEC's rules and regulations promulgated thereunder. Since December 31, 2014, there have been no internal or SEC investigations regarding accounting or revenue recognition discussed with, reviewed by or initiated at the direction of the chief executive officer, principal financial officer, the Company Board or any committee thereof. The Company is not, and never has been, a "shell company" (as defined in Rule 12b-2 under the 1934 Act).

(v) As used in this Agreement, the "**Company's Knowledge**" and similar language means, unless otherwise specified, the actual knowledge of any "officer" (as such term is defined in Rule 16a-1 under the 1934 Act) of the Company, including William C. Mills III and Martin C. Stammer, and the knowledge any such Person would be expected to have after reasonable due diligence inquiry.

g. Internal Accounting Controls; Disclosure Controls and Procedures. The Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset and liability accountability, (iii) access to assets or incurrence of liability is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets and liabilities is compared with the existing assets and liabilities at reasonable intervals and appropriate action is taken with respect to any differences ("**Internal Controls**"). The Company has timely filed and made publicly available on the SEC's EDGAR system no less than three (3) days prior to the date this representation is made, and all certifications and statements required by (A) Rule 13a-14 or Rule 15d-14 under the 1934 Act and (B) Section 906 of Sarbanes Oxley with respect to any SEC Documents. The Company maintains disclosure controls and procedures required by Rule 13a-15 or Rule 15d-15 under the 1934 Act; such controls and procedures are effective to ensure that the information required to be disclosed by the Company in the reports that it files with or submits to the SEC (X) is recorded, processed, summarized and reported accurately within the time periods specified in the SEC's rules and forms and (Y) is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. The Company maintains internal control over financial reporting required by Rule 13a-15 or Rule 15d-15 under the 1934 Act; such internal control over financial reporting is effective and does not contain any material weaknesses.

h. Absence of Certain Changes. Except as disclosed in any SEC Documents that were filed with the SEC at least three (3) days prior to the date of this Agreement, since December 31, 2014, there has been no Material Adverse Effect. The Company has not taken any steps, and the Company has no current plans to take any steps, to seek protection pursuant to any bankruptcy law nor, to the Company's Knowledge, do any creditors of the Company intend to initiate involuntary bankruptcy proceedings nor, to the Company's Knowledge, is there any fact that would reasonably lead a creditor to do so.

i. Absence of Litigation. Except as set forth on Schedule 3.i (i) there is no current action, suit or proceeding, or, to the Company's Knowledge, any inquiry or investigation before or by any court, public board or other Governmental Authority pending or, to the Company's Knowledge, threatened against or affecting the Company, the Common Stock or any of the Subsidiaries, any Employee Benefit Plan (as defined below), or any of the Company's or the Subsidiaries' officers or directors in their capacities as such, and (ii) to the Company's Knowledge, none of the directors or officers of the Company has been involved (as a plaintiff, defendant, witness or otherwise) in securities-related litigation during the past five years. None of the matters described in Schedule 3.i, has had or, if determined adversely to the Company or any Subsidiary, would reasonably expected to have, a Material Adverse Effect.

j. Acknowledgment Regarding Buyer's Purchase of Securities. The Company acknowledges and agrees that each of the Buyers is acting solely in the capacity of an arm's length purchaser with respect to the Company in connection with the Transaction Documents and the transactions contemplated hereby and thereby. The Company further acknowledges that each Buyer is not acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the Certificate of Designations and the transactions contemplated hereby and thereby, and any advice given by any of the Buyers or any of their respective representatives or agents in connection with the Transaction Documents and the Certificate of Designations and the transactions contemplated hereby and thereby is merely incidental to such Buyer's purchase of the Securities. The Company further represents to each Buyer that the Company's decision to enter into the Transaction Documents has been based solely on the independent evaluation by the Company and its representatives.

k. No Material Adverse Effect; No Undisclosed Liabilities. Since December 31, 2014, there has been no Material Adverse Effect and no circumstances exist that could reasonably be expected to be, cause or have a Material Adverse Effect. Other than (i) the liabilities assumed or created pursuant to this Agreement and the other Transaction Documents, (ii) liabilities accrued for in the latest balance sheet included in the Company's most recent periodic report (on Form 10-Q or Form 10-K) filed at least three (3) Business Days prior to the date this representation is made (the date of such balance sheet, the "**Latest Balance Sheet Date**") and (iii) liabilities incurred in the ordinary course of business consistent with past practices since the Latest Balance Sheet Date, the Company and the Subsidiaries do not have any other liabilities (whether fixed or unfixed, known or unknown, absolute or contingent, asserted or unasserted, choate or inchoate, liquidated or unliquidated, or secured or unsecured, and regardless of when any action, claim, suit or proceeding with respect thereto is instituted).

l. General Solicitation. Neither the Company, nor any of its affiliates, nor any Person acting on its or their behalf, has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D under the 1933 Act) in connection with the offer or sale of the Securities.

m. No Integrated Offering. Neither the Company, nor any of its affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would require registration of any of the Securities under the 1933 Act or cause this offering of the Securities to be integrated with prior offerings by the Company for purposes of the 1933 Act or any applicable stockholder approval provisions of any authority.

n. [Reserved].

o. Employee Relations. Neither the Company nor any of the Subsidiaries is involved in any labor union dispute nor, to the Company's Knowledge, is any such dispute threatened. Except as set forth on Schedule 3.o, none of the employees of the Company and the Subsidiaries is a member of a union that relates to such employee's relationship with the Company or any of the Subsidiaries, neither the Company nor any of the Subsidiaries is a party to a collective bargaining agreement, and the Company and the Subsidiaries believe that their

relations with their respective employees are good. No "executive officer" (as defined in Rule 3b-7 under the 1934 Act), nor any other Person whose termination would be required to be disclosed pursuant to Item 5.02 of Form 8-K, has notified the Company that such Person intends to leave the Company or otherwise terminate such Person's employment with the Company. No such executive officer, to the Company's Knowledge, is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement, non-competition agreement, or any other contract or agreement or any restrictive covenant, and the continued employment of each such executive officer does not subject the Company to any liability with respect to any of the foregoing matters. The Company and the Subsidiaries are in compliance with all federal, state, local and foreign laws and regulations relating to employment and employment practices, terms and conditions of employment and wages and hours, except where the failure to be in compliance would not and would not be reasonably expected to result, individually or in the aggregate, in a Material Adverse Effect.

p. Employee Benefits. No "prohibited transaction" as defined under Section 406 of ERISA (as defined below) or Section 4975 of the Internal Revenue Code of 1986, as amended (the "**Code**"), that is not exempt under ERISA Section 408 or Section 4975 of the Code, under any applicable regulations and published interpretations thereunder or under any applicable prohibited transaction, individual or class exemption issued by the Department of Labor, has occurred with respect to any Employee Benefit Plan (as defined below), (ii) at no time within the last seven (7) years has the Company or any ERISA Affiliate (as defined below) maintained, sponsored, participated in, contributed to or has or had any liability or obligation in respect of any Employee Benefit Plan subject to Section 302 of ERISA, Title IV of ERISA, or Section 412 of the Code or any "multiemployer plan" as defined in Section 3(37) of ERISA or any multiple employer plan for which the Company or any ERISA Affiliate has incurred or could incur liability under Section 4063 or 4064 of ERISA, (iii) no Employee Benefit Plan represents any current or future liability for retiree health, life insurance, or other retiree welfare benefits except as may be required by the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, or similar state law, (iv) each Employee Benefit Plan is and has been operated in compliance with its terms and all applicable laws, including but not limited to ERISA and the Code, except for such failures to comply that would not have a Material Adverse Effect, (v) no event has occurred (including a "reportable event" as such term is defined in Section 4043 of ERISA) and no condition exists that would subject the Company or any ERISA Affiliate to any tax, fine, lien, penalty or liability imposed by ERISA, the Code or other applicable law, except for any such tax, fine, lien, penalty or liability that would not, individually or in the aggregate, have a Material Adverse Effect, (vi) the Company does not maintain any Foreign Benefit Plan, (vii) the Company does not have any obligations under any collective bargaining agreement, (viii) no Employee Benefit Plan is subject to termination or modification, as a result of the transactions contemplated hereby or by the other Transaction Documents or the Certificate of Designations, (ix) no benefit will be distributed and no liability will be incurred, including any complete or partial withdrawal from or with respect to any "multiemployer plan" or other Employee Benefit Plan subject to Title IV of ERISA, as a result of the transactions contemplated hereby or by the other Transaction Documents or the Certificate of Designations, (x) no benefit or vesting under any Employee Benefit Plan will accelerate or increase as a result of the transactions contemplated hereby or by the other Transaction Documents or the Certificate of Designations, and (ix) all individuals working for

the Company or any ERISA Affiliate are properly classified as employees or independent contractors. As used in this Agreement, "**Employee Benefit Plan**" means any "employee benefit plan" within the meaning of Section 3(3) of ERISA, and all stock purchase, stock option, stock-based severance, employment, change-in-control, medical, disability, fringe benefit, bonus, incentive, deferred compensation, employee loan and all other employee benefit plans, agreements, programs, policies or other arrangements, whether or not subject to ERISA, under which (A) any current or former employee, director or independent contractor of the Company or any of the Subsidiaries has any present or future right to benefits and which are contributed to, sponsored by or maintained by the Company or any of the Subsidiaries or (B) the Company or any of the Subsidiaries has had or has any present or future obligation or liability on behalf of any such employee, director or independent contractor; "**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended; "**ERISA Affiliate**" means any member of the Company's controlled group as defined in Code Section 414 (b), (c), (m) or (o); and "**Foreign Benefit Plan**" means any Employee Benefit Plan mandated by a government other than the United States of America is subject to the laws or a jurisdiction outside of the United States.

q. Intellectual Property Rights.

(i) The Company and its Subsidiaries own or possess adequate rights or licenses to use all Intellectual Property (as defined below) necessary to conduct their respective businesses as now conducted and as presently proposed to be conducted ("**Company Intellectual Property**"). Except as set forth on Schedule 3.q (which schedule does not include any material nonpublic information), none of the Company's or its Subsidiaries' rights with respect to Patents included within Company Intellectual Property are expected to expire, terminate or be abandoned, within three years from the date of this Agreement, in either case that are necessary or material to the conduct of the Company's business as now conducted and as presently proposed to be conducted. Neither the Company nor any of its Subsidiaries (A) has infringed, misappropriated or otherwise violated the Intellectual Property rights of others or (B) breached or violated any contract, agreement or arrangement relating to Intellectual Property, except in each case, as would not reasonably be expected to have a Material Adverse Effect. There is no claim (including in connection with any offer to license), action or proceeding being made or brought, or to the knowledge of the Company or any of its Subsidiaries, being threatened, (1) against the Company or any of its Subsidiaries regarding any Intellectual Property, including any claim of breach or violation of any contract, agreement or arrangement relating to Intellectual Property or (2) with respect to any registration or filing made by the Company or any of its Subsidiaries regarding any Intellectual Property. To the Company's Knowledge, there are no facts or circumstances which might give rise to any of the foregoing infringements, misappropriation or violation, or claims, actions or proceedings. To the Company's Knowledge, (x) no third party has infringed or otherwise violated any Intellectual Property owned by the Company or any of the Subsidiaries and (y) no third party has materially breached any contract, agreement or arrangement relating to Intellectual Property to which the Company or any of its Subsidiaries is a party. The Company and each of its Subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of all of the Intellectual Property owned by them.

(ii) The software, hardware, networks, communications devices and facilities, and other technology and related services used by the Company and/or any of the Subsidiaries (collectively, the "**Systems**") are reasonably sufficient for the operation of their respective businesses as currently conducted and for the reasonably anticipated needs of such businesses. The Company and the Subsidiaries have arranged for disaster recovery and back-up services sufficient to comply with any and all applicable Laws and adequate to meet its needs in the event the performance of any of the Systems or any material component thereof is temporarily or permanently impeded or degraded due to any natural disaster or other event outside the reasonable control of the Company or the Subsidiaries, as applicable. The Company and the Subsidiaries have established and maintain commercially reasonable measures to ensure that the Systems, and all software, information and data residing on its Systems or otherwise owned by, licensed, used or distributed by the Company or any of the Subsidiaries, are free of any computer virus, Trojan horse, worm, time bomb, or similar code designed to disable, damage, degrade or disrupt the operation of, permit unauthorized access to, erase, destroy or modify any software, hardware, network or other technology ("**Malicious Code**"). Since December 31, 2014, no Malicious Code or error or defect has caused a material disruption, degradation or failure of any of the Systems or of the conduct of the businesses of the Company or any of the Subsidiaries, and, to the Company's Knowledge, there has been no material unauthorized intrusion or breach of the security of any of the Systems.

(iii) For purposes of this Agreement, the term "**Intellectual Property**" means all intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to the laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all: (a) inventions (whether or not patentable, and whether or not reduced to practice) and all improvements thereto; (b) all patents (including all reissuances, divisionals, provisionals, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications and other patent rights ("**Patents**"); (c) trademarks, service marks, trade names, brand names, logos, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with all goodwill connected with the use of and symbolized by, and all registrations, registration applications and renewals in respect of, any of the foregoing; (d) Internet domain names, whether or not trademarks or service marks, registered in any top-level domain by any authorized private registrar or Governmental Authority, web addresses, web pages, websites and related content, accounts with Twitter, Facebook and other social media companies and the content found thereon and related thereto, and URLs; (e) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights and moral rights, and all registrations, applications for registration and renewals with respect thereto; (f) trade secrets, discoveries, business and technical information, know-how, methodologies, strategies, processes, databases, data collections and other confidential and/or proprietary information and all rights therein; (g) software and firmware, including data files, source code, object code, application programming interfaces, routines, algorithms, architecture, files, records, schematics, computerized databases and other related specifications and documentation; (h) semiconductor chips and mask works; (i) other intellectual property rights; and (j) copies and tangible embodiments (in whatever form or medium) of the foregoing. For purposes of this Agreement, "**Governmental Authority**" means the government of the United States or any other nation, or any political subdivision thereof, whether state, provincial or local, or any

agency (including any self-regulatory agency or organization), authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administration powers or functions of or pertaining to government (including any supranational bodies such as the European Union) over the Company or any of the Subsidiaries, or any of their respective properties, assets or undertakings.

r. Environmental Laws. Each of the Company and the Subsidiaries (i) has complied in all material respects with all Environmental Laws (as defined below), (ii) has received all material permits, licenses or other approvals required of it under applicable Environmental Laws to conduct its business, (iii) has complied with all terms and conditions of any such permit, license or approval, and to the Company's Knowledge, there are no events, conditions, or circumstances reasonably likely to result in liability of the Company or any of the Subsidiaries pursuant to Environmental Laws that would or would reasonably be expected to have a Material Adverse Effect. None of the Company or the Subsidiaries has received any notice of any noncompliance with any Environmental Laws or the terms and conditions of any permit, license or approval required under applicable Environmental Laws to conduct the Company's and the Subsidiaries' respective businesses. The term "**Environmental Laws**" means all federal, state, local or foreign laws relating to any matter arising out of or relating to public health and safety, or pollution or protection of the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or workplace, including any of the foregoing relating to the presence, use, production, generation, handling, transport, treatment, storage, disposal, distribution, discharge, emission, release, threatened release, control or cleanup of any Hazardous Materials, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §9601 et seq., as amended ("**CERCLA**"), the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. §6901, et seq., the Clean Air Act, 42 U.S.C. §7401, et seq., as amended, the Federal Water Pollution Control Act, 33 U.S.C. §1251, et seq., as amended, the Oil Pollution Act of 1990, 33 U.S.C. §2701, et seq., and the Toxic Substances Control Act, 15 U.S.C. §2601, et seq.; "**Hazardous Materials**" means any hazardous, toxic or dangerous substance, materials and wastes, including hydrocarbons (including naturally occurring or man-made petroleum and hydrocarbons), flammable explosives, asbestos, urea formaldehyde insulation, radioactive materials, biological substances, polychlorinated biphenyls, pesticides, herbicides and any other kind and/or type of pollutants or contaminants (including materials which include hazardous constituents), sewage, sludge, industrial slag, solvents and/or any other similar substances, materials, or wastes and including any other substances, materials or wastes that are or become regulated under any Environmental Law (including any that are or become classified as hazardous or toxic under any Environmental Law).

s. Personal Property. Except as described on Schedule 3.s, the Company and the Subsidiaries have good and valid title to all personal property owned by them that is material to the business of the Company and the Subsidiaries, in each case free and clear of all Liens.

t. Real Property. None of the Company or any of the Subsidiaries owns any real property. All of the Real Property Leases (as defined below) are valid and in full force and effect and are enforceable against all parties thereto. Neither the Company nor any of the Subsidiaries nor, to the Company's Knowledge, any other party thereto is in default in any

material respect under any of the Real Property Leases and no event has occurred which with the giving of notice or the passage of time or both could constitute a default under, or otherwise give any party the right to terminate, any of such Real Property Leases, or could adversely affect the Company's or any of the Subsidiaries' interest in and title to the Real Property subject to any of such Real Property Leases. No Real Property Lease is subject to termination, modification or acceleration as a result of the transactions contemplated hereby or by the other Transaction Documents or the Certificate of Designations. For purposes hereof, "**Real Property Lease**" means each lease and other agreement with respect to which the Company or the Subsidiaries is a party or otherwise bound or affected with respect to the Real Property, except easements, rights of way, access agreements, surface damage agreements, surface use agreements or similar agreements that pertain to Real Property that is contained wholly within the boundaries of any leased Real Property; and "**Real Property**" means all the real property, facilities and fixtures that are leased or, in the case of fixtures, otherwise owned or possessed by the Company or the Subsidiaries.

u. Insurance. The Company and each of the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as management of the Company believes to be prudent and customary in the businesses in which the Company and the Subsidiaries are engaged. Neither the Company nor any of the Subsidiaries have been refused any insurance coverage sought or applied for, and, to the Company's Knowledge, the Company and the Subsidiaries will be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not be reasonably expected to have a Material Adverse Effect.

v. Regulatory Permits and Other Regulatory Matters.

(i) Permits. The Company and the Subsidiaries possess all certificates, authorizations, approvals, licenses and permits issued by the appropriate federal, state or foreign regulatory authorities necessary to conduct their business as presently conducted ("**Permits**"), including all Permits required by the United States Food and Drug Administration (the "**FDA**") or any other Governmental Authority engaged in the regulation of the development, testing, manufacturing, labeling, storage, recordkeeping, promotion, marketing, distribution and service of medical devices (each, a "**Regulatory Agency**"), and neither the Company nor any such Subsidiary has received any notice of proceedings relating to the revocation or modification of any such Permit. To the Company's Knowledge, there are no facts or circumstances that could reasonably lead to any of them not being able to obtain necessary Permits as and when necessary to enable the Company and the Subsidiaries to conduct its business.

(ii) Studies and Other Preclinical and Clinical Tests. The studies, tests and preclinical and clinical trials conducted by or on behalf of the Company or any of the Subsidiaries were, and if still pending are, being conducted in all material respects in accordance with experimental protocols, procedures and controls pursuant to accepted professional and scientific standards; the descriptions of the results of such studies, tests and trials contained in the SEC Documents are accurate and complete; and neither the Company nor any of the Subsidiaries has received any notices or correspondence from the FDA or any foreign, state or local governmental body exercising comparable authority or any institutional review board or

comparable authority requiring the termination, suspension or material modification of any studies, tests or preclinical or clinical trials conducted by or on behalf of the Company or any of the Subsidiaries.

(iii) Debarment or Conviction. None of the Company or the Subsidiaries or any of their respective Affiliates, subcontractors or employees (A) has been debarred, (B) is subject to debarment or (C) is the subject of a conviction, in each case pursuant to Section 335a of the United States Federal Food, Drug and Cosmetic Act, as amended.

(iv) Other Regulatory Matters. As to each product of the Company or any Subsidiary subject to the jurisdiction of any Regulatory Agency that is manufactured, packaged, labeled, tested, distributed, sold, and/or marketed by the Company or any of the Subsidiaries, such product has been, and is being, manufactured, packaged, labeled, tested, distributed, sold and/or marketed by the Company in compliance in all material respects with all applicable requirements under the Federal Food, Drug and Cosmetic Act, as amended, and the regulations thereunder, and similar applicable U.S. federal, state or local, European Union or other foreign laws, rules and regulations relating to registration, investigational use, premarket clearance, licensure, or application approval, good manufacturing practices, good laboratory practices, good clinical practices, product listing, quotas, labeling, advertising, record keeping and filing of reports. There is no pending, completed or, to the Company's Knowledge, threatened, action (including any lawsuit, arbitration, or legal or administrative or regulatory proceeding, charge, complaint, or investigation) against the Company or any of the Subsidiaries, and none of the Company or any of the Subsidiaries has received any notice, warning letter or other communication from any Regulatory Agency, which (A) contests the premarket clearance, licensure, registration, or approval of, the uses of, the distribution of, the manufacturing or packaging of, the testing of, the sale of, or the labeling and promotion of any products of the Company or the Subsidiaries, (B) withdraws its approval of, requests the recall, suspension, or seizure of, or withdraws or orders the withdrawal of advertising or sales promotional materials relating to, any such product, (C) imposes a clinical hold on any clinical investigation by the Company or any of the Subsidiaries, (D) enjoins production at any facility of the Company or any of the Subsidiaries, (E) enters or proposes to enter into a consent decree of permanent injunction with the Company or any of the Subsidiaries, or (F) otherwise alleges any violation of any laws, rules or regulations by the Company or any of the Subsidiaries. The respective properties, business and operations of the Company and the Subsidiaries have been and are being conducted in all material respects in accordance with all applicable laws, rules and regulations of applicable Regulatory Agencies, including the FDA. The Company has not been informed by any Regulatory Agency that it will prohibit the marketing, sale, license or use in the United States or any other jurisdiction of any product proposed to be developed, produced or marketed by the Company nor has any Regulatory Agency expressed any concern as to approving or clearing for marketing any product being developed or proposed to be developed by the Company or any Subsidiary.

w. Listing. The Company is not in violation of any of the rules, regulations or requirements of the Principal Market, and, to the Company's Knowledge, there are no facts or circumstances that could reasonably lead to suspension or termination of trading of the Common Stock on the Principal Market. Except as set forth on Schedule 3.w, since December 31, 2014, (i) the Common Stock has been listed or designated for quotation, as applicable, on

the Principal Market, (ii) trading in the Common Stock has not been suspended or deregistered by the SEC or the Principal Market, and (iii) the Company has received no communication, written or oral, from the SEC or the Principal Market regarding the suspension or termination of trading of the Common Stock on the Principal Market. For purposes of this Agreement, "**Principal Market**" means the OTC Markets — OTCQX tier, or if the Common Stock becomes listed on any National Exchange, then from and after such date, such National Exchange; and "**National Exchange**" means any of the NYSE MKT, The New York Stock Exchange, the NASDAQ Global Market, the NASDAQ Global Select Market or the NASDAQ Capital Market (or a successor to any of the foregoing). The Common Stock is eligible for clearing through The Depository Trust Company (the "**DTC**"), through its Deposit/Withdrawal At Custodian (DWAC) system, and the Company is eligible and participating in the Direct Registration System (DRS) of DTC with respect to the Common Stock. The Common Stock is not, and has not been at any time prior to the Closing Date, subject to any DTC "chill," "freeze" or similar restriction with respect to any DTC services, including the clearing of shares of Common Stock through DTC.

x. [Reserved].

y. Tax Status. Except as set forth in Schedule 3.y, each of the Company and the Subsidiaries (i) has timely filed all foreign, federal and state income, franchise and all other material Tax Returns required by any jurisdiction to which it is subject, (ii) has paid all Taxes that are material in amount and required to be paid, except those for which the Company has made reserves in the consolidated financial statements of the Company and the Subsidiaries that are adequate in accordance with GAAP, and (iii) has established in the consolidated financial statements of the Company and the Subsidiaries reserves that are adequate in accordance with GAAP for the payment of all material Tax liabilities and deferred Taxes as of the date this representation is made. There are no unpaid Taxes in any material amount claimed in writing to be due by the taxing authority of any jurisdiction, and to the Company's Knowledge, there is no basis for any such claim. Each of the Company and the Subsidiaries has timely withheld and paid all material Taxes (including sales Taxes) required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, stockholder or third party. Neither the Company nor any of the Subsidiaries is or has been a U.S. real property holding corporation (as defined in Treasury Regulation Section 1.897-2(b) under the Code ("**USRPHC**") during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code. No deficiency for any income, franchise or other material amount of Tax relating to the Company or any of the Subsidiaries has been asserted or assessed by any taxing authority in writing, except for the deficiencies which have been satisfied by payment, settled or withdrawn or which are being contested in good faith and for which reserves adequate in accordance with GAAP have been established in the consolidated financial statements of the Company and the Subsidiaries. None of the Company or any of the Subsidiaries has entered into a "listed transaction" that has given rise to a disclosure obligation under Section 6011 of the Code and the Treasury Regulations promulgated thereunder and that has not been disclosed in the relevant Tax Return. For purposes of this Section 3.y, "**Taxes**" means all taxes, charges, fees, levies or other like assessments, including United States federal, state, local, foreign and other net income, gross income, gross receipts, social security, estimated, sales, use, ad valorem, franchise, profits, net worth, alternative or add-on minimum, capital gains, license, withholding, payroll, employment, unemployment, social security, excise, property, transfer taxes and any

and all other taxes, assessments, fees or other governmental charges, whether computed on a separate, consolidated, unitary, combined or any other basis together with any interest and any penalties, additions to tax, estimated taxes or additional amounts with respect thereto, and including any liability for taxes as a result of being a member of a consolidated, combined, unitary or affiliated group or any other obligation to indemnify or otherwise succeed to the tax liability of any other Person; and "**Tax Returns**" means all returns, declarations, reports, statements, schedules, notices, forms or other documents or information required to be filed in respect of the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of any legal requirement relating to any Tax.

z. Transactions With Affiliates. Except as set forth in Schedule 3.z, none of the Company's or any of the Subsidiaries' respective officers or directors, Persons who were officers or directors of the Company or any Subsidiary at any time during the previous two years, stockholders, or affiliates of the Company or any of the Subsidiaries, or any individual related by blood, marriage or adoption to any such individual (each a "**Related Party**"), nor any Affiliate of any Related Party, is presently, or has been within the past two years, a party to any transaction, contract, agreement, instrument, commitment, understanding or other arrangement or relationship with the Company or any of the Subsidiaries (other than directly for services as an employee, officer and/or director), whether for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments or consideration to or from any such Related Party. Except as set forth in Schedule 3.z, no Related Party of the Company or any of the Subsidiaries or any of their respective Affiliates, has any direct or indirect ownership interest in any Person (other than ownership of less than 1% of the outstanding common stock of a publicly traded corporation) in which the Company or any of the Subsidiaries has any direct or indirect ownership interest or has a business relationship or with which the Company or any of the Subsidiaries competes. "**Affiliate**" for purposes hereof means, with respect to any Person, another Person that, (i) is a director, officer, manager, managing member, general partner or five percent or greater owner of equity interests in such Person, or (ii) directly or indirectly, (1) has a common ownership with that Person, (2) controls that Person, (3) is controlled by that Person or (4) shares common control with that Person. "**Control**" or "**controls**" for purposes hereof means that a person or entity has the power, direct or indirect, to conduct or govern the policies of another Person.

aa. Application of Takeover Protections. The Company and the Company Board have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination or other similar anti-takeover provision under the Certificate of Incorporation or the laws of the State of Delaware that is or could become applicable to the Buyers as a result of the transactions contemplated by this Agreement, including the Company's issuance of the Securities and the Buyers' ownership of the Securities.

bb. Rights Agreement. The Company has not adopted a stockholder rights plan (or "poison pill") or similar arrangement relating to accumulations of beneficial ownership of Common Stock or a change in control of the Company.

cc. Foreign Corrupt Practices and Certain Other Federal Regulations.

(i) Neither the Company nor any of the Subsidiaries, nor to the Company's Knowledge, any director, officer, agent, employee or other Person acting on behalf of the Company or any of the Subsidiaries has, in the course of its actions for, or on behalf of, the Company or any of the Subsidiaries, used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended; or made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official or employee.

(ii) The Company and each Subsidiary is in compliance in all material respects with all U.S. economic sanctions laws, all executive orders and implementing regulations ("**Sanctions**") as administered by the U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**") and the U.S. State Department. None of the Company or any of the Subsidiaries (A) is a Person on the list of the Specially Designated Nationals and Blocked Persons (the "**SDN List**"), (B) is a person who is otherwise the target of U.S. economic sanctions laws such that a U.S. person cannot deal or otherwise engage in business transactions with such person, (C) is a Person organized or resident in a country or territory subject to comprehensive Sanctions (a "**Sanctioned Country**"), or (D) is owned or controlled by (including by virtue of such Person being a director or owning voting shares or interests), or acts, directly or indirectly, for or on behalf of, any Person on the SDN List or a government of a Sanctioned Country such that the entry into, or performance under, this Agreement, any other Transaction Documents or Certificate of Designations would be prohibited by applicable U.S. law.

(iii) The Company and each Subsidiary is in compliance with all laws related to terrorism or money laundering including: (A) all applicable requirements of the Currency and Foreign Transactions Reporting Act of 1970 (31 U.S.C. 5311 et. seq. (the Bank Secrecy Act)), as amended by Title III of the Patriot Act, (B) the Trading with the Enemy Act, (C) that certain Executive Order No. 13224 of September 23, 2001, entitled Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)) or any other enabling legislation, executive order or regulations issued pursuant or relating thereto, and (D) other applicable federal or state laws relating to "know your customer" or anti-money laundering rules and regulations. No action, suit or other proceeding by or before any court or Governmental Authority with respect to compliance with such anti-money laundering laws is pending or threatened to the knowledge of the Company and each Subsidiary.

dd. No Other Agreements. The Company has not, directly or indirectly, made any agreements with any Buyers relating to the terms or conditions of the transactions contemplated by the Transaction Documents except as set forth in the Transaction Documents.

ee. Investment Company. The Company is not, and upon the Closing will not be, an "investment company," a company controlled by an "investment company," or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended.

ff. No Disqualification Events. None of the Company, any of its predecessors, any director, executive officer, other officer of the Company participating in the offering contemplated hereby, any beneficial owner (as that term is defined in Rule 13d-3 under the 1934 Act) of 20% or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, any "promoter" (as that term is defined in Rule 405 under the 1933 Act) connected with the Company in any capacity at the time of the Closing, any placement agent or dealer participating in the offering of the Securities and any of such agents' or dealer's directors, executive officers, other officers participating in the offering of the Securities (each, a "**Covered Person**" and, together, "**Covered Persons**") is subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) under the 1933 Act (a "**Disqualification Event**"). The Company has exercised reasonable care to determine (i) the identity of each person that is an Covered Person; and (ii) whether any Covered Person is subject to a Disqualification Event. The Company has complied, to the extent applicable, with its disclosure obligations under Rule 506(e). With respect to each Covered Person, the Company has established procedures reasonably designed to ensure that the Company receives notice from each such Covered Person of (x) any Disqualification Event relating to that Covered Person, and (y) any event that would, with the passage of time, become a Disqualification Event relating to that Covered Person; in each case occurring up to and including the Closing Date. The Company is not for any other reason disqualified from reliance upon Rule 506 of Regulation D for purposes of the offer and sale of the Securities.

gg. Acknowledgement Regarding Buyers' Trading Activity. It is understood and acknowledged by the Company that, except as set forth in Section 4.bb hereof, none of the Buyers or holders of the Securities has been asked to agree, nor has any Buyer agreed, to desist from purchasing or selling, long and/or short, securities of the Company, or "derivative" securities based on securities issued by the Company or to hold the Securities for any specified term; and no Buyer or holder of Securities shall be deemed to have any affiliation with or control over any arm's length counterparty in any "derivative" transaction. The Company further understands and acknowledges that, subject to the limitations set forth in Section 4.bb hereof, (i) one or more Buyers or holders of Securities may engage in hedging and/or trading activities at various times during the period that the Securities are outstanding, and (ii) such hedging and/or trading activities, if any, can reduce the value of the existing stockholders' equity interest in the Company both at and after the time the hedging and/or trading activities are being conducted. The Company acknowledges that, so long as it is conducted in compliance with Section 4.bb, any such hedging and/or trading activities do not constitute a breach of this Agreement or any of the other Transaction Documents or the Certificate of Designations or affect the rights of any Buyer or holder of Securities under this Agreement, any other Transaction Document or the Certificate of Designations.

hh. Manipulation of Prices; Securities. Except as set forth on Schedule 3.hh,

(i) None of the Company or the Subsidiaries, or any of their respective officers, directors or Affiliates and, to the Company's Knowledge, no one acting on any such Person's behalf has, (A) taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company or any Subsidiary to facilitate the sale or resale of any of the Securities, (B) sold, bid for, purchased, or paid any compensation for soliciting purchases of, any of the Securities, or (C) paid or agreed to pay to any Person any compensation for soliciting another to purchase any other securities of the Company or any Subsidiary.

(ii) Since December 31, 2015, no officer, director or Affiliate of the Company or any of the Subsidiaries, any Affiliate of any of the foregoing, or anyone acting on their behalf, has sold, bid, purchased or traded in the Common Stock or any other security of the Company.

ii. Disclosure. The Company understands and confirms that each of the Buyers will rely on the foregoing representations in effecting transactions in securities of the Company. Taken as a whole, all disclosure provided to the Buyers regarding the Company, its business and the transactions contemplated hereby, including the Schedules to this Agreement, furnished by or on behalf of the Company is true and correct and does not contain any untrue statement of a material fact or with respect to written information omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

4. COVENANTS.

a. Best Efforts. Each party shall use its best efforts to timely satisfy each of the conditions to be satisfied by it as provided in Sections 6 and 7 of this Agreement.

b. Form D and Blue Sky. The Company agrees to timely file a Form D with respect to the Securities as required under Regulation D and to provide a copy thereof to each Buyer promptly after such filing. The Company shall, on or before the Closing Date, take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for, or to qualify the Securities for, sale to the Buyers at the Closing occurring on the Closing Date pursuant to this Agreement under applicable securities or "Blue Sky" laws of the states of the United States, and shall provide evidence of any such action so taken to the Buyers on or prior to the Closing Date. The Company shall make all filings and reports relating to the offer and sale of the Securities required under applicable securities or "Blue Sky" laws of the states of the United States following the Closing Date.

c. Reporting Status. From the date of this Agreement until the later of (i) the first date on which no Preferred Shares or Warrants remain outstanding, and (ii) the first date on which the Buyers no longer own any Securities (the period ending on such latest date, the "**Reporting Period**"), the Company shall timely (without giving effect to any extensions pursuant to Rule 12b-25 of the 1934 Act, provided, however, that the Company shall be afforded the benefit of any extension pursuant to Rule 12b-25 of the 1934 Act if the Company takes advantage of such extension at such time as a Registration Statement (as defined in the Registration Rights Agreement) has been declared effective and remains available for use by the Investors (as defined in the Registration Rights Agreement) with respect to all of the Registrable Securities (as defined in the Registration Rights Agreement) at all times during such extension) file all reports required to be filed with the SEC pursuant to the 1934 Act, and the Company shall not terminate the registration of the Common Stock under the 1934 Act or otherwise terminate its status as an issuer required to file reports under the 1934 Act, even if the securities laws would otherwise permit any such termination. The Company hereby agrees that, during

the Reporting Period, the Company shall send to each Buyer copies of any notices and other information made available or given to the stockholders of the Company generally, contemporaneously with the Company's making available or giving such notices and other information to the stockholders.

d. Use of Proceeds. The Company will use the proceeds from the sale of the Preferred Shares and Warrants (i) first to pay expenses related to the sale of the Preferred Shares and Warrants, (ii) second for the payment of $13,000,000 to HRP in connection with the HRP Transaction, and (iii) thereafter for general corporate purposes.

e. Internal Accounting Controls. During the Reporting Period, the Company shall, and shall cause each of the Subsidiaries to (i) at all times keep books, records and accounts with respect to all of such Person's business activities, in accordance with sound accounting practices and GAAP consistently applied, (ii) maintain a system of Internal Controls, (iii) maintain disclosure controls and procedures required by Rule 13a-15 or Rule 15d-15 under the 1934 Act, (iv) cause such disclosure controls and procedures to be effective at all times to ensure that the information required to be disclosed by the Company in the reports that it files with or submits to the SEC (I) is recorded, processed, summarized and reported accurately within the time periods specified in the SEC's rules and forms and (II) is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure, (v) maintain internal control over financial reporting required by Rule 13a-14 or Rule 15d-14 under the 1934 Act, and (vi) cause such internal control over financial reporting to be effective at all times and not contain any material weaknesses.

f. Reservation of Shares. The Company shall take all action necessary to at all times have authorized, and reserved for the purpose of issuance, no less than (i) 100% of the number of shares of Common Stock needed to provide for issuance of the Conversion Shares upon conversion of all outstanding Preferred Shares (without regard to any limitations or restrictions on conversion thereof) and (ii) 100% of the number of shares of Common Stock needed to provide for issuance of the Warrant Shares upon exercise of all outstanding Warrants (without regard to any limitations or restrictions on exercise thereof).

g. Listing. The Company shall take all actions necessary to remain eligible for quotation or listing, as applicable, of its securities on the Principal Market. The Company shall, as promptly as practicable following such time as the Company meets all of the financial and other quantitative listing requirements for a National Exchange, notify the Company Board of its meeting of such listing requirements, and the Company Board shall promptly thereafter evaluate and determine, in the good faith judgment of the Company Board, whether it is in the best interests of the Company's stockholders and other securityholders to secure the listing of the Common Stock on such National Exchange. In the event that the Company Board determines that such listing is so-advisable, then the Company shall use its commercially reasonable efforts to secure the listing of all of the Registrable Securities on such National Exchange as promptly as practicable. Following any such listing, the Company shall use its commercially reasonable efforts to maintain such listing of all Registrable Securities from time to time issuable under the terms of the Transaction Documents and the Certificate of Designations; provided, that, in no event shall the Company take any action that would

reasonably be expected to adversely impact the Company's ability to perform its obligations under this Agreement, the other Transaction Documents or the Certificate of Designations. Following such listing, none of the Company or any of the Subsidiaries shall take any action that would reasonably be expected to result in the delisting or suspension of the Common Stock from the National Exchange. The Company shall pay all fees and expenses in connection with satisfying its obligations under this Section 4.g. At all times during the Reporting Period, (i) the Common Stock shall be eligible for clearing through DTC, through its Deposit/Withdrawal At Custodian (DWAC) system, (ii) the Company shall be eligible and participating in the Direct Registration System (DRS) of DTC with respect to the Common Stock, and (iii) the Company shall use its reasonable best efforts to cause the Common Stock to not at any time be subject to any DTC "chill," "freeze" or similar restriction with respect to any DTC services, including the clearing of shares of Common Stock through DTC or, in the event the Common Stock becomes subject to any DTC "chill," "freeze" or similar restriction with respect to any DTC services, the Company shall use its reasonable best efforts to cause any such "chill," "freeze" or similar restriction to be removed at the earliest possible time.

h. Expenses. Notwithstanding any termination of this Agreement pursuant to Section 9, the Company shall pay to each Buyer that is affiliated with DAFNA Capital Management, LLC an amount, up to an aggregate of $75,000 for all such Buyers, equal to the fees and disbursements of such Buyer's legal counsel relating to the preparation and negotiation of the Transaction Documents and the Certificate of Designations. Each such Buyer acknowledges that prior to the date of this Agreement, the Company advanced an aggregate of $35,000 to the legal counsel for such Buyers, as an advance against such payment obligation. The amount payable to each such Buyer pursuant to the preceding sentences at the Closing may be withheld as an off-set by such Buyer from its Purchase Price to be paid by it at the Closing. Additionally, at the Closing, the Company shall pay all of its own legal, due diligence and other expenses, including fees and expenses of attorneys, investigative and other consultants and travel costs and all other expenses, relating to negotiating and preparing the Transaction Documents and the Certificate of Designations and consummating the transactions contemplated hereby and thereby. In addition to the fee and reimbursement obligations of the Company set forth above in this Section 4.h, and not in limitation thereof, following the Closing, the Company shall promptly reimburse each Buyer, each holder of Preferred Shares, each holder of Warrants and each holder of Conversion Shares or Warrant Shares for all of the respective reasonable out-of-pocket fees, costs and expenses (including attorneys' fees and fees, costs and expenses of accountants, advisors and consultants and any costs of settlement) incurred thereby in connection with any amendment, modification or waiver of any of the Transaction Documents or the Certificate of Designations and/or the enforcement of such Person's rights and remedies under any of the Transaction Documents or the Certificate of Designations (including collecting any payments due from the Company hereunder or thereunder).

i. Disclosure of Transactions and Other Material Information. At or prior to 8:00 a.m. (New York City time) on the fourth (4th) Business Day following the Closing Date, the Company shall file one or more Forms 8-K with the SEC describing the terms of the transactions contemplated by the Transaction Documents and the HRP Transaction and including as exhibits to such Form 8-K this Agreement (including the schedules hereto, other than Schedule 3.q), the Certificate of Designations, the Registration Rights Agreement, the form

of Warrant and the HRP Transaction Documents (such Form or Forms 8-K, collectively, the "**Announcing Form 8-K**"). Unless required by applicable law or a rule of the Principal Market, the Company shall not make any public announcement regarding the transactions contemplated hereby, the other Transaction Documents, the Certificate of Designations or the HRP Transaction Documents prior to the Closing Date. The Company represents and warrants that, upon the first public disclosure by the Company of its earnings results for the quarter ended September 30, 2016, which first public disclosure shall in no event occur later than November 14, 2016, no Buyer shall be in possession of any material nonpublic information received from the Company or any of the Subsidiaries, any of their respective Affiliates or any of their respective officers, directors, employees, attorneys, representatives or agents. Subject to Section 4.k hereof and the rights that any Board Designees may have due to such Board Designee's service on the Company Board, the Company shall not, and shall cause each of its Subsidiaries and its and each of their respective officers, directors, employees and agents to not, provide any Buyer with any material nonpublic information regarding the Company or any of its Subsidiaries from and after the filing of the Announcing Form 8-K with the SEC without the express prior written consent of such Buyer. The Company hereby acknowledges and agrees that, except for the Board Designees, no Buyer (nor any of such Buyer's Affiliates) shall have any duty of trust or confidence with respect to any material nonpublic information provided by, or on behalf of, the Company, any of the Subsidiaries, or any of its or their respective officers, directors, employees or agents, in violation of the foregoing covenant. Subject to the foregoing, neither the Company nor any Buyer shall issue any press releases or any other public statements with respect to the transactions contemplated hereby or disclosing the name of any Buyer; provided, however, that the Company shall be entitled, without the prior approval of any Buyer, to make any press release or other public disclosure with respect to such transactions (a) in substantial conformity with the Announcing Form 8-K and contemporaneously therewith and (b) as is required by applicable law and regulations (provided that each Buyer shall be consulted by the Company in connection with any such press release or other public disclosure prior to its release and shall be provided with a copy thereof), and, provided further, that with the consent of each Buyer that is affiliated with DAFNA Capital Management, LLC, the Company may issue any other announcement or press release regarding the transactions contemplated hereby, so long as such announcement or press release does not disclose the name of any Buyer or any of such Buyer's Affiliates. Notwithstanding anything to the contrary herein, in the event that the Company believes that a notice or communication to any Buyer contains material, nonpublic information relating to the Company or any of the Subsidiaries, the Company shall so indicate to the Buyers contemporaneously with delivery of such notice or communication, and such indication shall provide the Buyers the means to refuse to receive such notice or communication; and in the absence of any such indication, the holders of the Securities shall be allowed to presume that all matters relating to such notice or communication do not constitute material, nonpublic information relating to the Company or any of the Subsidiaries. Upon receipt or delivery by the Company or any of the Subsidiaries of any notice in accordance with the terms of the Transaction Documents or the Certificate of Designations, unless the Company has in good faith determined that the matters relating to such notice do not constitute material, nonpublic information relating to the Company or the Subsidiaries, the Company shall within one Business Day after any such receipt or delivery publicly disclose such material, nonpublic information. For the avoidance of doubt, the Company's providing to any Board Designee (due to such Board Designee's service on the Company Board) of information that may constitute

material, nonpublic information relating to the Company or the Subsidiaries, and any such Board Designee's providing of such information to its Affiliates, including any Buyer that is an Affiliate of such Board Designee, shall not be deemed to be a breach of this Section 4.i.

j. Board Resignations. Each of Euan S. Thompson and Joseph D. Keegan (each, a "**Resigning Board Member**" and, together, the "**Resigning Board Members**") shall have either resigned from the Company Board, or delivered to the Company such Resigning Board Member's irrevocable resignation from the Company Board (each, a "**Board Resignation**" and, together, the "**Board Resignations**"), subject to, and effective immediately following, the Closing. The Company has accepted, effective immediately following the Closing, and without the necessity of any further action by the Company or any of the Resigning Board Members, each of the Board Resignations. Neither the Company nor the Company Board shall take any action, or permit any action to be taken, to rescind or release either of the Board Resignations, or otherwise release, or permit or consent to the release of, either Resigning Board Member from such Resigning Board Member's irrevocable obligation thereunder.

k. Company Board.

(i) The Company, the Nominating and Corporate Governance Committee of the Company Board and the Company Board have taken all actions so that, immediately following the Closing, without any further action by the Company or the Company Board (or any committee thereof), (A) the Company Board shall consist of a total of nine members, and (B) those individuals listed on Schedule 4.k shall be members of the Company Board (the "**Board Designees**"), filling the vacancies created by the Company Board Resignations and the increase in the size of the Board to nine members, and allocated among the classes of directors on the Company Board as set forth on Schedule 4.k.

(ii) Until the third anniversary of the Closing Date, in connection with any annual meeting of the shareholders of the Company or any special meeting of the shareholders of the Company at which directors are to be elected, the Nominating and Corporate Governance Committee of the Company Board shall recommend the nomination of, and the Company Board shall nominate for reelection (or election), recommend that the Company's shareholders vote in favor of election to the Company Board of, and solicit proxies in favor of the election of, and the Company and the Company Board shall otherwise take all actions as are reasonably necessary or desirable to elect, the Board Designees whose terms of office expire at such shareholder meeting to the Company Board.

(iii) Subject to the applicable listing standards of any National Exchange on which the Common Stock is listed, the Company Board shall take such actions so that at all times after the Closing through the third anniversary of the Closing Date, the aggregate number of Board Designees on the Audit Committee of the Company Board, the Nominating and Corporate Governance Committee of the Company Board and the Compensation Committee of the Company Board and each other standing committee of the Company Board is not less than the total number of Board Designees; provided, however, that there shall not be a violation of this Section 4.k.iii if, as a result of the termination of service of a Board Designee or other change in the composition of the Company Board or a committee of the Company Board that

does not in and of itself constitute, or result from, a breach of this Section 4.k.iii, the number of Board Designees on a committee of the Company Board is less than the minimum number required by this Section 4.k.iii, so long as the Company Board takes prompt action to cause the number of Board Designees on such committee to be at least such minimum number.

(iv) Each Board Designee shall be entitled to the same compensation, the same indemnification and the same director and officer insurance in connection with such Board Designee's role as a director as all other members of the Company Board, and each Board Designee shall be entitled to reimbursement for documented, reasonable out-of-pocket expenses incurred in attending meetings of the Company Board and any committees thereof, to the same extent as all other members of the Company Board. In addition, each Board Designee shall be entitled to the same information regarding the Company and the Subsidiaries in connection with such Board Designee's role as a director as all other members of the Company Board, and each such Board Designee shall be entitled to share such information with such Board Designee's Affiliates (including any Buyer that may be an Affiliate of such Board Designee), subject to the Board Designee's confidentiality obligations and other policies and procedures as a director on the Company Board. The Company agrees that any such indemnification arrangements described in this Section 4.k.iv will be the primary source of indemnification and advancement of expenses in connection with the matters covered thereby and payment thereon will be made before, offset and reduce any other insurance, indemnity or expense advancement to which a Board Designee may be entitled or which is actually paid in connection with such matters.

l. [Reserved].

m. [Reserved].

n. Right to Participate in Future Offering.

(i) Beginning on the Closing Date and ending on the date that is sixty-one (61) months after the Closing Date, so long as at eight thousand (8,000) of the Preferred Shares issued on the Closing Date remain outstanding, subject to the exceptions described below, the Company shall not, and shall cause each of its Subsidiaries not to, (x) contract with any party for any debt financing with an equity component or equity financing, or (y) issue any equity securities of the Company or any Subsidiary or securities convertible, exchangeable or exercisable into or for equity securities of the Company or any of the Subsidiaries (including debt securities with an equity component) (a "**Future Offering**"), unless it shall have first delivered to each Buyer, or its designee appointed by such Buyer (including any transferee of such Buyer's rights hereunder), written notice (the "**Future Offering Notice**") describing generally the proposed Future Offering and providing each Buyer an option (any such Buyer's "**Buyer Purchase Option**") to purchase up to a number of securities to be issued in such Future Offering equal to the product (such product, such Buyer's "**Allocation Percentage**") of (A) a fraction, (1) the numerator of which is the sum of the number of Conversion Shares and Warrant Shares held by such Buyer, the number of Conversion Shares issuable upon conversion of the Preferred Shares held by such Buyer, and the number of Warrant Shares issuable upon exercise of the Warrants held by such Buyer (in each case, without giving effect to any limitations on conversion of the Preferred Shares or on exercise of the Warrants), and (2) the denominator of which is the Fully-Diluted Shares, in each case as of the date immediately prior to the date on

which the Future Offering is consummated, and (B) the total amount of securities to be issued in such Future Offering (the limitations referred to in this and the preceding sentence are collectively referred to as the "**Capital Raising Limitations**"). For purposes of this Agreement, "**Fully-Diluted Shares**" means, as of any date of determination, the sum of (X) the number of shares of Common Stock then-outstanding, plus (Y) the number of shares of Common Stock directly or indirectly issuable upon exercise, conversion or exchange of outstanding Options and Convertible Securities (including, for the avoidance of doubt, all Conversion Shares issuable upon conversion of the outstanding Preferred Shares and all Warrant Shares issuable upon exercise of the outstanding Warrants), in each case without giving effect to any limitations on exercise, conversion or exchange of such Options or Convertible Securities (including the Preferred Shares and Warrants).

(ii) Upon the written request of any Buyer made within five (5) Business Days after its receipt of a Future Offering Notice (an "**Additional Information Request**"), the Company shall provide such Buyer, and each other Buyer, with such additional information regarding the proposed Future Offering, including the name of the purchaser(s), terms and conditions and use of proceeds thereof, as such Buyer shall reasonably request. A Buyer may exercise its Buyer Purchase Option by delivering written notice (the "**Buyer Purchase Notice Date**") to the Company within five (5) Business Days after the later of (A) the Buyer's receipt of a Future Offering Notice or (B) the date on which all Buyers have received all of the information reasonably requested in the Additional Information Requests, which notice shall state the quantity of securities being offered in the Future Offering that such Buyer will purchase, up to its Allocation Percentage, and that quantity of securities it is willing to purchase in excess of its Allocation Percentage.

(iii) The Company shall have ninety (90) days following the Buyer Purchase Notice Date to sell the securities in the Future Offering (other than the securities to be purchased by the Buyers pursuant to this Section 4.n), upon terms and conditions no more favorable to the purchasers thereof, or less favorable to the Company, than specified in the Future Offering Notice. The exercise of a Buyer Purchase Option shall be contingent upon, and contemporaneous with, the consummation of such Future Offering; provided, that notwithstanding a Buyer's exercise of the Buyer Purchase Option with respect to a particular Future Offering, the determination to complete any such Future Offering shall be within the Company's sole discretion. In connection with such consummation, each Buyer (if it exercises its Buyer Purchase Option) shall deliver to the Company duly and properly executed originals of any documents reasonably required by the Company to effectuate such Future Offering together with payment of the purchase price for the securities being purchased by such Buyer (subject to the final sentence of this Section 4.n.iii) in such Future Offering (such Buyer's "**Future Offering Purchase Price**"), and the Company or a Subsidiary, as appropriate, shall promptly issue to such Buyer the securities purchased thereby.

(iv) In the event the Company or any Subsidiary, as appropriate, has not sold such securities of the Future Offering within such ninety (90) day period described above, the Company and the Subsidiaries shall not thereafter issue or sell such securities or any other securities subject to this Section 4.n without first offering such securities to the Buyers in the manner provided in this Section 4.n. The Capital Raising Limitations shall not apply to (A) any transaction involving the Company's issuances of securities (I) as consideration in a merger or

consolidation or for the acquisition of a business, product, license or other assets by the Company (the primary purpose or material result of which is not to raise or obtain equity capital or cash), or (II) in connection with any strategic partnership or joint venture (the primary purpose or material result of which is not to raise or obtain equity capital or cash), in the case of each of (I) and (II) above solely with an operating company in the medical device space; (B) any issuances of (Y) shares of Common Stock pursuant to, and in accordance with the terms of, an Approved Stock Plan; or (Z) shares of Common Stock issued or deemed to be issued by the Company upon conversion of the Preferred Shares or upon exercise of the Warrants; (C) any "at-the-market" or similar offering pursuant to a registration statement filed with the SEC; (D) any rights offering made to all holders of outstanding shares of Common Stock (provided that this shall not impact any Buyer's ability to participate in a rights offering alongside all other Company security holders who are eligible to do so); or (E) so long as such transaction is approved by the Company Board following the Closing Date, a single transaction, involving one of the Company's existing investors that beneficially owns not less than an aggregate of 1,000,000 shares of Common Stock as of the date of this Agreement, to close within ninety (90) days of the Closing Date, provided that the Company shall not have any net cash outflows in connection with such transaction. For purposes of this Agreement, "**Approved Stock Plan**" shall mean any employee benefit plan that has been approved by the Company Board and the shareholders of the Company, pursuant to which the Company's securities may be issued to any consultant, employee, officer or director for services provided to the Company.

o. Corporate Existence. During the Reporting Period, the Company shall maintain its corporate existence and shall not sell all or substantially all of the Company's assets (including, for the avoidance of any doubt, all or substantially all of the assets of the Subsidiaries in the aggregate) or change the Company's business lines or strategy in any material respect, except in the event of a merger or consolidation or sale or transfer of all or substantially all of the Company's assets (including, for the avoidance of any doubt, all or substantially all of the assets of the Subsidiaries in the aggregate) where (i) the surviving or successor entity in such transaction assumes the Company's obligations hereunder, under the Certificate of Designations and under each of the other Transaction Documents, and (ii) immediately before and immediately after giving effect to such transaction, no Triggering Event (as defined in the Certificate of Designations) shall have occurred and be continuing.

p. Compliance with Laws; Maintenance of Permits. During the Reporting Period, the Company shall, and shall cause each of the Subsidiaries to, maintain all Permits, the lack of which would reasonably be expected to have a Material Adverse Effect and to remain in compliance with all laws (including Environmental Laws and laws relating to taxes, employer and employee contributions and similar items, securities, ERISA, employee health and safety, medical devices and biohazardous materials) the failure with which to comply would have a Material Adverse Effect.

q. [Reserved].

r. Patriot Act, Investor Secrecy Act and Office of Foreign Assets Control. As required by federal law and each Buyer's policies and practices, each Buyer may need to obtain, verify and record certain customer identification information and documentation in connection with opening or maintaining accounts, or establishing or continuing to provide

services, and, from the date of this Agreement until the end of the Reporting Period, the Company agrees to, and shall cause each of the Subsidiaries to, provide such information to each Buyer.

s. Pledge of Securities. The Company acknowledges and agrees that the Securities may be pledged by a holder thereof in connection with a bona fide margin agreement or other loan secured by the Securities. The pledge of Securities shall not be deemed to be a transfer, sale or assignment of the Securities hereunder, and no such holder effecting any such pledge of Securities shall be required to provide the Company with any notice thereof or otherwise make any delivery to the Company pursuant to this Agreement, any other Transaction Document or the Certificate of Designations, including Section 2.f of this Agreement; provided that such holder and its pledgee shall be required to comply with the provisions of Section 2.f in order to effect a sale, transfer or assignment of Securities to such pledgee. The Company hereby agrees to execute and deliver such documentation as a pledgee of the Securities may reasonably request in connection with a pledge of the Securities to such pledgee by a holder of Securities.

t. Prohibition Against Variable Priced Securities. Beginning on the Closing Date and ending on the date that is sixty-one (61) months after the Closing Date, so long as at eight thousand (8,000) of the Preferred Shares issued on the Closing Date remain outstanding, except to the extent set forth on Schedule 4.t, the Company shall not in any manner issue or sell any Options (as defined below) or Convertible Securities (as defined below) that are convertible into or exchangeable or exercisable for shares of Common Stock at a price that varies or may vary with the market price of the Common Stock, including by way of one or more resets to a fixed price or increases in the number of shares of Common Stock issued or issuable, or at a price that upon the passage of time or the occurrence of certain events (other than proportional adjustments as a result of subdivisions or combinations of the Common Stock in the form of stock splits, stock dividends, reverse stock splits, combinations or recapitalizations) automatically is reduced or is adjusted or at the option of any Person may be reduced or adjusted, whether or not based on a formulation of the then current market price of the Common Stock. For purposes of this Agreement, "**Convertible Securities**" means any stock or securities (other than Options) directly or indirectly convertible into or exchangeable or exercisable for shares of Common Stock and "**Options**" means any rights, warrants or options to subscribe for or purchase shares of Common Stock or Convertible Securities.

u. [Reserved].

v. No Avoidance of Obligations. During the Reporting Period, the Company shall not, and shall cause each of the Subsidiaries not to, enter into any agreement which would limit or restrict the Company's or any of the Subsidiaries' ability to perform under, or take any other voluntary action to avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by it under, this Agreement, the Warrants, the Certificate of Designations, the other Transaction Documents and the HRP Transaction Documents.

w. Regulation M. Neither the Company, nor the Subsidiaries nor any Affiliates of the foregoing shall take any action prohibited by Regulation M under the 1934 Act, in connection with the offer, sale and delivery of the Securities contemplated hereby.

x. Disqualification Events. The Company will notify the Buyers in writing, prior to the Closing Date of (i) any Disqualification Event relating to any Covered Person and (ii) any event that would, with the passage of time, become a Disqualification Event relating to any Covered Person.

y. No Integrated Offering. Neither the Company nor any of the Subsidiaries, nor any Affiliates of the foregoing or any Person acting on the behalf of any of the foregoing, shall, directly or indirectly, make any offers or sales of any security or solicit any offers to purchase any security, under any circumstances that would require registration of any of the Securities under the 1933 Act or require stockholder approval of the issuance of any of the Securities.

z. Transfer Taxes. The Company shall be responsible for any liability with respect to any transfer, stamp or similar non-income Taxes that may be payable in connection with the execution, delivery and performance of this Agreement, the other Transaction Documents and the Certificate of Designations, including any such Taxes with respect to the issuance of the Preferred Shares, the Conversion Shares, the Warrants or the Warrant Shares.

aa. Further Instruments and Acts. From the date of this Agreement until the end of the Reporting Period, upon request of any Buyer or Investor (as defined in the Registration Rights Agreement), the Company will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Agreement, the other Transaction Documents and the Certificate of Designations.

bb. Short Sale. If at any time after the date that is 180 days after the Closing Date all of the Registrable Securities (as defined in the Registration Rights Agreement) are not registered and available for resale pursuant to an effective Registration Statement (as defined in the Registration Rights Agreement), for any reason whatsoever, including as a result of a Grace Period (as defined in the Registration Rights Agreement) or as a result of a limitation on the number of Registrable Securities that may be registered pursuant to Rule 415 under the 1933 Act, such Buyer may engage in any transaction constituting a Short Sale, so long as, immediately following such Short Sale, the aggregate short position (including aggregate open "put equivalent positions") with respect to the Common Stock maintained by such Buyer and its Affiliates at such time does not exceed such Buyer's Permitted Share Position. For purposes of this Section 4.bb the following terms have the following meanings: (i) **"Permitted Share Position"** means, with respect to any time of determination, the sum of (A) the number of Conversion Shares issuable upon conversion of Preferred Shares held by the applicable Buyer and its Affiliates (without regard to any limitations on conversion) at such time, plus (B) the number of Warrant Shares issuable upon exercise of the Warrants held by such Buyer and its Affiliates (without regard to any limitations on exercise) at such time, plus (C) the number of shares of Common Stock held by such Buyer and its Affiliates at such time; and (ii) "**Short Sale**" means a "short sale" (as defined in Regulation SHO under the 1934 Act) of shares of Common Stock or establishing an open "put equivalent position" (within the meaning of Rule 16a-1(h) under the 1934 Act) with respect to the Common Stock.

5. TRANSFER AGENT INSTRUCTIONS.

The Company shall issue irrevocable instructions to its transfer agent for the Common Stock in the form attached hereto as Exhibit D (the "**Irrevocable Transfer Agent Instructions**"), and any subsequent transfer agent, to issue certificates or credit shares to the applicable balance accounts at the DTC, registered in the name of each holder of Preferred Shares or Warrants, as applicable, or such holder's nominee(s), for the Conversion Shares and the Warrant Shares in such amounts as specified from time to time by each such holder to the Company upon conversion of the Preferred Shares or exercise of the Warrants, as applicable. The Company warrants that no instruction other than the Irrevocable Transfer Agent Instructions referred to in this Section 5 and stop transfer instructions to give effect to the provisions of Section 2.f will be given by the Company to its transfer agent and that the Securities shall otherwise be freely transferable on the books and records of the Company as and to the extent provided in this Agreement and the Registration Rights Agreement. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the holders of the Preferred Shares and the Warrants by vitiating the intent and purpose of the transactions contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Section 5 will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Section 5, that the holders of the Preferred Shares and the Warrants shall be entitled, in addition to all other available remedies, to an order and/or injunction restraining any breach and requiring immediate issuance and transfer, without the necessity of showing economic loss and without any bond or other security being required.

6. CONDITIONS TO THE COMPANY'S OBLIGATION TO SELL. The obligation of the Company to issue and sell the Preferred Shares and the Warrants to each Buyer at the Closing is subject to the satisfaction, at or before the Closing Date, of each of the following conditions; provided that these conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion by providing each Buyer with prior written notice thereof:

a. Such Buyer shall have executed each of the Transaction Documents to which it is a party and delivered the same to the Company.

b. Such Buyer shall have delivered to the Company the Purchase Price (less any amount withheld pursuant to Section 4.h) for the Preferred Shares and the Warrants being purchased by such Buyer at the Closing by wire transfer of immediately available funds pursuant to the wire instructions provided by the Company.

c. The representations and warranties of such Buyer shall be true and correct as of the date when made and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such date), and such Buyer shall have performed, satisfied and complied with the covenants, agreements and conditions required by the Transaction Documents to be performed, satisfied or complied with by such Buyer at or prior to the Closing Date.

7. CONDITIONS TO EACH BUYER'S OBLIGATION TO PURCHASE. The obligation of each Buyer hereunder to purchase the Preferred Shares and the Warrants from the Company at the Closing is subject to the satisfaction, at or before the Closing Date, of each of the following conditions, provided that these conditions are for each Buyer's sole benefit and may be waived only by such Buyer at any time in its sole discretion by providing the Company with prior written notice thereof:

a. The Company shall have executed each of the Transaction Documents to which it is a party and delivered the same to such Buyer.

b. The Company shall have delivered to such Buyer a copy of the Certificate of Designations, certified by the Secretary of State of the State of Delaware.

c. The representations and warranties of the Company and the Subsidiaries shall be true and correct as of the date when made and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such date) and the Company and the Subsidiaries shall have performed, satisfied and complied with the covenants, agreements and conditions required by the Transaction Documents to be performed, satisfied or complied with by the Company and the Subsidiaries at or prior to the Closing Date. Such Buyer shall have received a certificate, executed by the Chief Executive Officer of the Company, dated as of the Closing Date, to the foregoing effect and as to such other matters as may be reasonably requested by such Buyer.

d. Such Buyer shall have received (A) the opinion of Bryan Cave LLP, dated as of the Closing Date, which opinion will address, among other things, laws of the State of Delaware and federal law applicable to the transactions contemplated hereby, in form, scope and substance reasonably satisfactory to such Buyer and in substantially the form of Exhibit E attached hereto.

e. The Company shall have executed and delivered to such Buyer the Preferred Stock Certificates and the Warrants (in such denominations as such Buyer shall request) for the Preferred Shares and the Warrants being purchased by such Buyer at the Closing.

f. The Company Board shall have adopted, and not rescinded or otherwise amended or modified, resolutions consistent with Sections 3.b and 4.l and in a form reasonably acceptable to such Buyer (the "**Resolutions**").

g. As of the Closing Date, the Company shall have reserved out of its authorized and unissued Common Stock, solely for the purpose of effecting the conversion of the Preferred Shares and the exercise of the Warrants, at least 73,872,000 shares of Common Stock (such number to be adjusted for any stock splits, stock dividends, stock combinations or other similar transactions involving the Common Stock that are effective at any time after the date of this Agreement).

h. The Irrevocable Transfer Agent Instructions shall have been delivered to and acknowledged in writing by the Company's transfer agent, and the Company shall have delivered a copy thereof to such Buyer.

i. The HRP Transaction shall be consummated concurrently with the Closing, and other than with respect to the HRP Transaction, none of the Company Board or the board of directors, board of managers or other governing body of the Subsidiaries shall have authorized or approved, or taken any action to authorize or approve, and none of the Company or any of the Subsidiaries shall have consummated (or entered into any agreement or arrangement with respect to) (i) any transaction to pay, repay, redeem or refinance any indebtedness of the Company or any of the Subsidiaries, other than the payment of trade payables in the ordinary course of business, consistent with past practices, or (ii) any financing transaction (whether through the issuance of equity or debt securities or otherwise), in each case (A) to occur at any time on or after the date of this Agreement, or (B) that has not been previously publicly disclosed.

j. The Company shall have delivered to such Buyer a certificate evidencing the incorporation or organization and good standing of the Company and each domestic Subsidiary in such entity's state or other jurisdiction of incorporation or organization issued by the Secretary of State (or other applicable authority) of such state or jurisdiction of incorporation or organization as of a date within five (5) Business Days of the Closing Date.

k. The Company shall have delivered to such Buyer a secretary's certificate, dated as of the Closing Date, certifying as to (A) the Resolutions, (B) the Certificate of Incorporation, certified as of a date within five (5) Business Days of the Closing Date, by the Secretary of State of the State of Delaware, and (C) the Bylaws.

l. The Company shall have made all filings under all applicable federal and state securities laws necessary to consummate the issuance of the Securities pursuant to this Agreement in compliance with such laws.

m. The Company shall have delivered to such Buyer a letter from the Company's transfer agent certifying the number of shares of Common Stock outstanding as of a date within two (2) Business Days of the Closing Date.

n. During the period beginning on the date of this Agreement and ending immediately prior to the Closing, there shall not have been any stock dividend, stock split, stock combination, recapitalization or other similar transaction with respect to any capital stock of the Company, including the Common Stock.

o. The Company and the Subsidiaries shall have delivered to such Buyer such other documents relating to the transactions contemplated by this Agreement as such Buyer or its counsel may reasonably request.

8. INDEMNIFICATION.

a. Company Indemnification Obligation. In consideration of each Buyer's execution and delivery of the Transaction Documents and acquiring the Securities thereunder and in addition to all of the Company's and the Subsidiaries' other obligations under the Transaction Documents and the Certificate of Designations, the Company shall defend, protect, indemnify and hold harmless each Buyer and each other holder of the Securities and all of their stockholders, partners, officers, directors, members, managers, employees and direct or indirect

investors and any of the foregoing Persons' agents or other representatives (including those retained in connection with the transactions contemplated by this Agreement) (collectively, the "**Indemnitees**") from and against any and all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and expenses in connection therewith (irrespective of whether any such Indemnitees is a party to the action for which indemnification hereunder is sought), and including reasonable attorneys' fees and disbursements (the "**Indemnified Liabilities**"), incurred by any Indemnitees as a result of, or arising out of, or relating to (a) any misrepresentation or breach of any representation or warranty made by the Company or any of the Subsidiaries in the Transaction Documents or the Certificate of Designations or any other certificate, instrument or document contemplated hereby or thereby, (b) any breach of any covenant, agreement or obligation of the Company or any of the Subsidiaries contained in the Transaction Documents, the Certificate of Designations or any other certificate, instrument or document contemplated hereby or thereby, (c) any cause of action, suit or claim brought or made against such Indemnitees and arising out of or resulting from the execution, delivery, performance or enforcement of the Transaction Documents or the Certificate of Designations in accordance with the terms hereof or thereof or any other certificate, instrument or document contemplated hereby or thereby in accordance with the terms thereof (other than a cause of action, suit or claim brought or made against an Indemnitee by such Indemnitee's owners, investors or affiliates), or (d) the HRP Transaction or any other transaction financed or to be financed in whole or in part directly with the proceeds of the issuance of the Securities. To the extent that the foregoing undertaking by the Company may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities that is permissible under applicable law.

b. Indemnification Procedures. Each Indemnitee shall (i) give prompt written notice to the Company of any claim with respect to which it seeks indemnification or contribution pursuant to this Agreement (provided, however, that the failure of the Indemnitee to promptly deliver such notice shall not relieve the Company of any liability, except to the extent that the Company is prejudiced in its ability to defend such claim) and (ii) permit the Company to assume the defense of such claim with counsel selected by the Company and reasonably satisfactory to the Indemnitee; provided, however, that any Indemnitee entitled to indemnification hereunder shall have the right to employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of the Indemnitee unless (A) the Company has agreed in writing to pay such fees and expenses, (B) the Company shall have failed to assume the defense of such claim within five (5) days of delivery of the written notice of the Indemnitee with respect to such claim or failed to employ counsel selected by the Company and reasonably satisfactory to the Indemnitee, or (C) in the reasonable judgment of the Indemnitee, based upon advice of its counsel, a conflict of interest may exist between the Indemnitee and the Company with respect to such claims (in which case, if the Indemnitee notifies the Company in writing that it elects to employ separate counsel at the expense of the Company, the Company shall not have the right to assume the defense of such claim on behalf of the Indemnitee). If the Company assumes the defense of the claim, it shall not be subject to any liability for any settlement or compromise made by the Indemnitee without its consent (but such consent shall not be unreasonably withheld, conditioned or delayed). In connection with any settlement negotiated by the Company, the Company shall not, and no Indemnitee shall be required by the Company to, (I) enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to the

Indemnitee of a release from all liability in respect to such claim or litigation, (II) enter into any settlement that attributes by its terms any liability, culpability or fault to the Indemnitee, or (III) consent to the entry of any judgment that does not include as a term thereof a full dismissal of the litigation or proceeding with prejudice. In addition, without the consent of the Indemnitee, the Company shall not consent to entry of any judgment or enter into any settlement which provides for any obligation or restriction on the part of the Indemnitee other than the payment of money damages which are to be paid in full by the Company. If the Company fails or elects not to assume the defense of a claim pursuant to clause (B) above, or is not entitled to assume or continue the defense of such claim pursuant to clause (C) above, the Indemnitee shall have the right without prejudice to its right of indemnification hereunder to, in its discretion exercised in good faith and upon advice of counsel, to contest, defend and litigate such claim and may settle such claim, either before or after the initiation of litigation, at such time and upon such terms as the Indemnitee deems fair and reasonable; provided that, at least five (5) days prior to any settlement, written notice of such Indemnitee's intention to settle is given to the Company. If requested by the Company, the Indemnitee agrees (at no expense to the Indemnitee) to reasonably cooperate with the Company and its counsel in contesting any claim that the Company elects to contest.

9. GOVERNING LAW; MISCELLANEOUS.

a. Governing Law; Jurisdiction; Jury Trial. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware. Each party hereby irrevocably submits to the exclusive jurisdiction of the Chancery Court of the State of Delaware and any state appellate court therefrom sitting in New Castle County in the State of Delaware (or, if the Chancery Court of the State of Delaware declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware), for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HEREWITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

b. Counterparts; Execution. This Agreement may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to each

other party. A facsimile, PDF or other reproduction of this Agreement may be executed by one or more parties hereto, and an executed copy of this Agreement may be delivered by one or more parties hereto by facsimile, e-mail or other electronic transmission device pursuant to which the signature of or on behalf of such party can be seen, and such execution and delivery shall be considered valid, binding and effective for all purposes. The parties hereto hereby agree that no party shall raise the execution of facsimile, PDF or other reproduction of this Agreement, or the fact that any signature or document was transmitted or communicated by facsimile, e-mail or other electronic transmission device, as a defense to the formation of this Agreement.

c. Headings. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement.

d. Severability. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction.

e. Entire Agreement; Amendments; Waivers. This Agreement supersedes all other prior oral or written agreements among each Buyer, the Company and the Subsidiaries, their affiliates and Persons acting on their behalf with respect to the matters discussed herein, and this Agreement and the instruments referenced herein contain the entire understanding of the parties hereto with respect to the matters covered herein and therein. No provision of this Agreement may be waived, modified, supplemented or amended other than by an instrument in writing signed by the Company and the holders of at least a majority of the then-outstanding Preferred Shares, or if prior to the Closing, by the Buyers listed on the Schedule of Buyers as being obligated to purchase at least a majority of the Preferred Shares. Any such amendment shall bind all holders of the Preferred Shares and the Warrants. No such amendment shall be effective to the extent that it applies to less than all of the holders of the Preferred Shares or Warrants then outstanding. No failure or delay on the part of a party in either exercising or enforcing any right under this Agreement shall operate as a waiver of, or impair, any such right. No single or partial exercise or enforcement of any such right shall preclude any other or further exercise or enforcement thereof or the exercise or enforcement of any other right. No waiver of any such right shall be deemed a waiver of any other right. No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification or supplement of any provision of any of the Transaction Documents or the Certificate of Designations unless the same consideration also is offered to all of the parties hereto or to the other Transaction Documents or holders of the Preferred Shares or Warrants, as the case may be. For clarification purposes, this provision constitutes a separate right granted to each Buyer and is not intended for the Company to treat the Buyers as a class and shall not be construed in any way as the Buyers acting in concert or otherwise as a group with respect to the purchase, disposition or voting of securities or otherwise.

f. Notices. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically

generated and kept on file by the sending party); or (iii) one (1) Business Day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

If to the Company:

Stereotaxis, Inc.
4320 Forest Park Avenue, Suite 100
St. Louis, Missouri 63108
Facsimile: (314) 667-3448
Attention: Marty Stammer and Karen Duros

With copy to:

Bryan Cave LLP
One Metropolitan Square
211 N. Broadway, Suite 3600
St. Louis, MO 63102
Facsimile: (314) 552-8447 and (314) 552-8194
Attention: Robert J. Endicott and Todd M. Kaye

If to a Buyer, to it at the address and facsimile number set forth on the Schedule of Buyers, with copies to such Buyer's representatives as set forth on the Schedule of Buyers, or, in the case of a Buyer or any other party named above, at such other address and/or facsimile number and/or to the attention of such other Person as the recipient party has specified by written notice given to each other party five (5) days prior to the effectiveness of such change. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender's facsimile machine containing the time, date, recipient facsimile number and an image of the first page of such transmission or (C) provided by a nationally recognized overnight delivery service shall be rebuttable evidence of personal service, receipt by facsimile or deposit with a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

g. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, including any purchasers of the Preferred Shares or the Warrants. The Company shall not assign this Agreement or any rights or obligations hereunder without the prior written consent of the holders of at least a majority of the Preferred Shares then outstanding, including by merger or consolidation, except pursuant to an Organic Change with respect to which the Company is in compliance with Section 2(c)(ii) of the Certificate of Designations. A Buyer may assign some or all of its rights hereunder without the consent of the Company; provided, however, that any such assignment shall not release such Buyer from its obligations hereunder unless such obligations are assumed by such assignee and the Company has consented to such assignment and assumption, which consent shall not be unreasonably withheld. Notwithstanding anything to the contrary contained in the Transaction Documents or the Certificate of Designations, the Buyers shall be entitled to pledge the Securities in connection with a bona fide margin account or other loan or financing arrangement secured by the Securities.

h. No Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns and, to the extent provided in Section 8, each Indemnitee, and is not for the benefit of, nor may any provision hereof be enforced by, any other Person.

i. Survival. Unless this Agreement is terminated under Section 9.k, the representations and warranties of the Company and the Buyers contained in Sections 2 and 3, the agreements and covenants set forth in Sections 4 and 5 and this Section 9, and the indemnification provisions set forth in Section 8, shall survive the Closing. Each Buyer shall be responsible only for its own representations, warranties, agreements and covenants hereunder.

j. Further Assurances. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

k. Termination. In the event that the Closing shall not have occurred with respect to a Buyer on or before the third (3rd) Business Day following the date of this Agreement due to the Company's or such Buyer's failure to satisfy the conditions set forth in Sections 6 and 7 above (and the nonbreaching party's failure to waive such unsatisfied condition(s)), the nonbreaching party shall have the option to terminate this Agreement with respect to such breaching party at the close of business on such date without liability of any party to any other party; provided, however, that if this Agreement is terminated pursuant to this Section 9.k, the Company shall be obligated to reimburse each of the Buyers (so long as such Buyer is not a breaching party) for its reasonable expenses (including attorneys' fees and expenses) associated with the Closing.

l. Placement Agent. Except as set forth on Schedule 9.l, the Company represents and warrants to each of the Buyers that it has not engaged a placement agent, broker or financial advisor in connection with the transactions contemplated hereby and there are no fees, commissions or expenses payable to any broker, finder or agent relating to or arising out of the transactions contemplated hereby. The Company shall be responsible for the payment of any placement agent's fees or broker's commissions relating to or arising out of the transactions contemplated hereby. The Company shall pay, and hold each of the Buyers harmless against, any liability, loss or expense (including attorneys' fees and out-of-pocket expenses) arising in connection with any claim for any such payment.

m. No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties thereto express their mutual intent, and no rules of strict construction will be applied against any party.

n. Remedies. The parties hereto agree that (i) irreparable harm would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, and (ii) money damages or other legal remedies would not be an adequate remedy for any such harm. Each Buyer and each holder of the Securities shall have all rights and remedies set forth in the Transaction Documents and the

Certificate of Designations and all rights and remedies that such Buyers and holders have been granted at any time under any other agreement or contract and all of the rights that such Buyers and holders have under any law. Any Person having any rights under any provision of this Agreement shall be entitled to enforce such rights specifically (without posting a bond or other security or proving actual damages), to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law.

o. Payment Set Aside. To the extent that the Company or any of the Subsidiaries makes a payment or payments to the Buyers hereunder or pursuant to the Certificate of Designations or under any of the other Transaction Documents or the Buyers enforce or exercise their rights hereunder or thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company or such Subsidiary, by a trustee, receiver or any other Person under any law (including any bankruptcy law, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

p. Independent Nature of Buyers. The obligations of each Buyer hereunder are several and not joint with the obligations of any other Buyer, and no Buyer shall be responsible in any way for the performance of the obligations of any other Buyer hereunder. Each Buyer shall be responsible only for its own representations, warranties, agreements and covenants hereunder. The decision of each Buyer to purchase the Securities pursuant to this Agreement has been made by such Buyer independently of any other Buyer and independently of any information, materials, statements or opinions as to the business, affairs, operations, assets, properties, liabilities, results of operations, condition (financial or otherwise) or prospects of the Company or any of the Subsidiaries which may have been made or given by any other Buyer or by any agent or employee of any other Buyer, and no Buyer or any of its agents or employees shall have any liability to any other Buyer (or any other Person or entity) relating to or arising from any such information, materials, statements or opinions. Nothing contained herein, and no action taken by any Buyer pursuant hereto or thereto (including a Buyer's purchase of Preferred Shares and Warrants at the Closing at the same time as any other Buyer or Buyers), shall be deemed to constitute the Buyers as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Buyers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated hereby. Each Buyer shall be entitled to independently protect and enforce its rights, including the rights arising out of this Agreement, the other Transaction Documents and the Certificate of Designations, and it shall not be necessary for any other Buyer to be joined as an additional party in any proceeding for such purpose.

q. Interpretative Matters. Unless the context otherwise requires, (i) all references to Sections, Schedules or Exhibits are to Sections, Schedules or Exhibits contained in or attached to this Agreement, (ii) each accounting term not otherwise defined in this Agreement has the meaning assigned to it in accordance with GAAP, (iii) words in the singular or plural include the singular and plural and pronouns stated in either the masculine, the

feminine or neuter gender shall include the masculine, feminine and neuter, (iv) the use of the word "including" in this Agreement shall be by way of example rather than limitation, and (v) the word "or" shall not be exclusive. All statements as to factual matters contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement, any of the other Transaction Documents or the Certificate of Designations in connection with the transactions contemplated hereby or thereby shall be deemed to be representations and warranties by the Company, as if made by the Company pursuant to Section 3 hereof, as of the date of such certificate or instrument (including for purposes of Section 7 hereof).

*** * * * ***

IN WITNESS WHEREOF, the Buyers and the Company have caused this Securities Purchase Agreement to be duly executed as of the date first written above.

COMPANY:

STEREOTAXIS, INC.

By: /s/ Martin C. Stammer
Name: Martin C. Stammer
Title: CFO

BUYER:

DAFNA LIFESCIENCE LP

By: /s/ Nathan Fischel
Name: Nathan Fischel
Title: CEO

BUYER:

DAFNA LIFESCIENCE SELECT LP

By: /s/ Nathan Fischel
Name: Nathan Fischel
Title: CEO

BUYER:

FRED A. MIDDLETON

By: /s/ Fred A. Middleton
Name: Fred A. Middleton

BUYER:

PIEDMONT PARTNERS, L.P.

By: /s/ Steven W. Smith
Name: Steven W. Smith
Title: CFO, Chi-Rho Financial LLC
G.P. for Piedmont Partners, L.P.

BUYER:

GLL INVESTORS, L.P.

By: /s/ Jason Gilboy
Name: Jason Gilboy
Title: Managing Member, GLL Investors, LLC (The GP)

BUYER:

GLL INVESTORS II, L.P.

By: /s/ Jason Gilboy
Name: Jason Gilboy
Title: Managing Member, GLL Investors, LLC (The GP)

BUYER:

GLL INVESTORS LTD Class B

By: /s/ Jason Gilboy
Name: Jason Gilboy
Title: Managing Member, GLL Investors, LLC (The IM)

BUYER:

JOSEPH KIANI 2007 DYNASTY TRUST, DATED MARCH 20, 2008

By: /s/ Mary Kiani

Name: Mary Kiani, not individually, but solely as trustee of the the Joseph Kiani 2007 Dynasty Trust, dated March 20, 2008

Title: Trustee

BUYER:

ARBITER PARTNERS QP LP

By: /s/ Paul J. Isaac
Name: Paul J. Isaac
Title: CIO, Artibter Partners Capital Management LLC

BUYER:

NANA ASSOCIATES LLC

By: /s/ Paul J. Isaac
Name: Paul J. Isaac
Title: Manager

BUYER:

By: /s/ Arun Menawat
Name: Arun S. Menawat
Title: CEO Profound Medical Inc.

BUYER:

2012 REVOCABLE TRUST OF ANDREW REDLEAF

By: /s/ Gerry Krause
Name: Gerry Krause
as: Investment Manager
for: Andrew Redleaf
its: Grantor

SCHEDULE OF BUYERS

Buyer's Name	Buyer Address and Facsimile Number	Number of Preferred Shares	Number of Warrant Shares Initially Issuable Upon Exercise of Warrants	Buyer's Legal Representative's Address and Facsimile Number
DAFNA LifeScience LP, a Delaware limited partnership	10990 Wilshire Boulevard, Suite 1400, Los Angeles, CA 90024 Fax: 310-445-6594	4,000	6,153,846	Katten Muchin Rosenman LLP 525 W. Monroe Street Chicago, Illinois 60661-3693 Attention: Mark J. Reyes, Esq. Facsimile: (312) 577-4423
DAFNA LifeScience Select LP, a Delaware limited partnership	10990 Wilshire Boulevard, Suite 1400, Los Angeles, CA 90024 Fax: 310-445-6594	4,000	6,153,846	Katten Muchin Rosenman LLP 525 W. Monroe Street Chicago, Illinois 60661-3693 Attention: Mark J. Reyes, Esq. Facsimile: (312) 577-4423
Fred A. Middleton	400 S. El Camino Real Suite 1200 San Mateo, CA 94402	100	153,846	
Piedmont Partners, L.P., a Delaware limited partnership	3295 River Exchange Dr., Suite 400 Peachtree Corners, GA 30092 Fax: 612-766-1600	3,300	5,076,923	Matt Thompson Faegre Baker Daniels LLP 2200 Wells Fargo Center 90 South Seventh Street Minneapolis, MN 55402-3901 Tele: (612) 766-6854 Fax: (612) 766-1600
GLL Investors, L.P. , a Delaware limited partnership	3200 North Lake Shore Drive, Suite 201 Chicago, IL 60657	1,000	1,538,462	
GLL Investors II, L.P., a Delaware limited partnership	3200 North Lake Shore Drive, Suite 201 Chicago, IL 60657	1,000	1,538,462	
GLL Investors, LTD, an exempted company incorporated in the Cayman Islands	3200 North Lake Shore Drive, Suite 201 Chicago, IL 60657	500	769,231	
Joseph Kiani 2007 Dynasty Trust, dated March 20, 2008	52 Discovery, Irvine CA 92618, Fax: 949-297-7099	4,000	6,153,846	Charles K. Ruck 650 Town Center Drive Costa Mesa, CA 92626 Fax: 714-755-8290
Arbiter Partners QP LP, a Delaware limited liability company	530 Fifth Avenue, 20th Floor New York, New York 10017	3,000	4,615,385	Paul J. Isaac c/o Arbiter Partners Capital Management LLC Arbiter Partners Capital Management LLC 530 Fifth Avenue, 20th Floor New York, New York 10017
Nana Associates LLC, a Delaware limited liability company	530 Fifth Avenue, 20th Floor New York, New York 10017	1,000	1,538,462	Paul J. Isaac c/o Arbiter Partners Capital Management LLC Arbiter Partners Capital Management LLC 530 Fifth Avenue, 20th Floor New York, New York 10017

Arun S. Menawat	2412 Eighth Line Oakville, Ontario, Canada L6H659	100	153,846
2012 Revocable Trust of Andrew Redleaf	Attention: Andrew Redleaf Whitebox Advisors LLC 3033 Excelsior Boulevard, Suite 300 Minneapolis, MN 55416 Fax: 612-355-2110	2,000	3,076,923

SCHEDULES

Schedule of Buyers

Schedule I	HRP Transaction Documents
Schedule 3.a	Organization and Qualification
Schedule 3.c	Capitalization
Schedule 3.e	No Conflicts
Schedule 3.f	SEC Documents; Financial Statements
Schedule 3.i	Litigation
Schedule 3.o	Employee Relations
Schedule 3.q	Intellectual Property Rights
Schedule 3.s	Personal Property
Schedule 3.w	Listing
Schedule 3.y	Tax Status
Schedule 3.z	Transactions with Affiliates
Schedule 3.hh	Manipulation of Prices; Securities
Schedule 4.k	Board Designees
Schedule 4.t	Variable Priced Securities
Schedule 9.1	Placement Agent

EXHIBITS

Exhibit A	Certificate of Designations
Exhibit B	Form of Warrant
Exhibit C	Form of Registration Rights Agreement
Exhibit D	Form of Irrevocable Transfer Agent Instructions
Exhibit E	Form of Company Counsel Opinion

Schedule I
HRP Transaction Documents

1. See attached Healthcare Royalty Partners II, L.P. letter dated August 23, 2016. Principal due is $18.4M.

Healthcare Royalty Partners II, L.P.
300 Atlantic Street, Suite 600
Stamford, CT 06901

August 23, 2016

Stereotaxis, Inc. and
Stereotaxis International, Inc.
4320 Forest Park Avenue, Suite 100
St. Louis MO 63108

Ladies and Gentlemen:

Reference is made to the Loan Agreement by and among Cowen Healthcare Royalty Partners II, L.P., a Delaware limited partnership now known as Healthcare Royalty Partners 11, L.P. (the "Lender"), and Stereotaxis, Inc., a Delaware corporation ("Stereotaxis"), and Stereotaxis International, Inc., a Delaware corporation ("Stereotaxis International" and, together with Stereotaxis, the "Borrowers"), dated as of November 30, 2011 (as amended, modified, restated or replaced from time to time, the "Loan Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Loan Agreement.

The Lender understands that (i) Stereotaxis is considering an equity financing (such transaction, a "New Financing Transaction"), and (ii) in connection therewith, Borrowers desire to pay the outstanding obligations under the Loan Agreement and the other Loan Documents in cash, and Lender is willing to accept such payment. This letter will confirm that, upon receipt by the Lender of the Payoff Amount (as defined below), all of the Obligations shall be paid in full.

Upon receipt by the Bank no later than 5:00 p.m., St. Louis time, on October 22, 2016 (the "Final Payoff Date"), of: (a) a fully-executed counterpart of this letter signed by the Borrowers and (b) a wire transfer of immediately available funds in the amount of $13,000,000 (the "Payoff Amount") to:

Bank Name:
City/State:
ABA No.:

Account Name:
Account No.:
Reference:

(the time at which the last to occur of (a) and (b) being defined as the "Payoff Effective Time"), the Obligations under the Loan Documents shall be satisfied in full and shall terminate, and all liens and security interests securing the Obligations shall be deemed to be fully released.

By executing this letter, the Lender hereby waives notice of the prepayment in full of the Loan which otherwise would be required pursuant to Section 3.02(a) of the Loan Agreement and agrees that notwithstanding the definition of "Prepayment Amount" set forth in the Loan Agreement, payment of the Payoff Amount under the circumstances described in this letter shall constitute payment in full of the Loan and all fees and expenses pursuant to the Loan Agreement, in each case solely to the extent the prepayment in full is made pursuant to and in accordance with this letter.

Upon occurrence of the Payoff Effective Time, (a) the Lender shall execute and deliver to the Borrowers termination statements with respect to each UCC financing statement filed with respect to the Loan Documents acceptable for filing with the appropriate filing office, (b) the Lender shall execute and deliver to the Borrowers all documents necessary to terminate the Lockbox Agreement and any related control agreement(s), (c) the Lender shall execute and deliver to the Borrowers a Release of Security Interest in Patents acceptable for filing with the United States Patent and Trademark Office ("USPTO"), (d) the Lender shall execute and deliver to the Borrowers the Release of Security Interest in Trademarks acceptable for filing with the USPTO, (e) the Lender shall execute and deliver to the Borrowers the Release of Security Interest in Copyrights acceptable for filing with the United States Copyright Office, (f within a reasonable amount of time, the Lender shall deliver to Borrowers (or any party designated by Borrowers) all original instruments evidencing pledged debt and all equity certificates and any other similar collateral previously delivered in physical form by either Borrower to Lender under the Loan Documents, (g) the Lender agrees to immediately forward to Borrowers all items or the proceeds of all checks, drafts or other instruments, electronic transfers and other deposits received by Lender in the Lockbox Account or otherwise, but owned by a Borrower, and (h) the Lender shall return to Borrowers each Note marked "Cancelled". The Lender further agrees that, after the Payoff Effective Time, it will cause to be delivered to Borrowers (or any party designated by Borrowers) from time to time such additional lien release documents or notice of termination of the Loan Agreement as Borrowers may reasonably request in order to evidence or otherwise give public notice of such collateral terminations and releases or termination, as the case may be; *provided*, *however*, that any and all such UCC termination statements and other such lien release documents shall be prepared and recorded at Borrowers' expense.

This letter does not represent a commitment of Borrower to complete a New Financing Transaction or take other actions to complete the payoff described herein prior to the Final Payoff Date, in which the case the Loan Agreement shall continue in full force and effect.

This letter may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this letter by signing any such counterpart. Delivery of an executed counterpart of this letter by email or other electronic method shall be equally as effective as delivery of an original executed counterpart.

This letter shall be delivered and accepted in and shall be deemed to be a contract made under and governed by the internal laws of the State of New York (without giving effect to any conflict of laws principles that would require application of the laws of another jurisdiction). Whenever possible, each provision of this letter shall be interpreted in such manner as to be

effective and valid under applicable law, but if any provision of this letter shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this letter. This is the entire agreement between the parties with respect to the subject matter hereof.

[Signature pages follow]

Very truly yours,

HEALTHCARE ROYALTY PARTNERS II, L.P.

By: HealthCare Royalty GP II, LLC,
its General Partner

By: /s/ Matthew Q. Reber
Name: Matthew Q. Reber
Title: Managing Director

Agreed to by the undersigned:

STEREOTAXIS, INC.

By: /s/ Martin C. Stammer
Name: Martin C. Stammer
Title: CFO

STEREOTAXIS INTERNATIONAL, INC.

By: /s/ Martin C. Stammer
Name: Martin C. Stammer
Title: President

Schedule 3.a
Organization and Qualification

Parent	Subsidiary	Jurisdiction	Ownership Percentage
Stereotaxis, Inc.	Stereotaxis International, Inc.	Delaware	100%
Stereotaxis International, Inc.	Stereotaxis International B.V.	The Netherlands	100%
Stereotaxis International, Inc.	Stereotaxis International K.K.	Japan	100%

Shares of the Subsidiaries are subject to liens related to:

1. Loan Agreement dated November 30, 2011 between the Company, Stereotaxis International, Inc., and Healthcare Royalty Partners II L.P. (formerly Cowen Healthcare Royalty Partners II L.P.), the obligations under which will be satisfied in full as of Closing as provided in letter agreement dated August 23, 2016, which is attached.

2. Second Amended and Restated Loan and Security Agreement between the Company, Stereotaxis International, Inc., and Silicon Valley Bank dated November 30, 2011, as amended.

Schedule 3.c
Capitalization

1. Amended and Restated Stereotaxis, Inc. 2012 Stock Incentive Plan.

The 2012 Stock Incentive Plan allows for the grant of incentive stock options, non-qualified stock options, stock appreciation rights, restricted shares and restricted share units to employees, directors, and consultants. Options granted under the 2012 Stock Incentive Plan expire no later than ten years from the date of grant. The exercise price of each incentive stock option shall not be less than 100% of the fair value of the stock subject to the option on the date the option is granted. The vesting provisions of individual options may vary, but incentive stock options generally vest 25% on the first anniversary of each grant and 1/48 per month over the next three years. Stock appreciation rights are rights to acquire a calculated number of shares of the Company's common stock upon exercise of the rights. The number of shares to be issued is calculated as the difference between the exercise price of the right and the aggregate market value of the underlying shares on the exercise date divided by the market value as of the exercise date. Stock appreciation rights granted under the 2012 Stock Incentive Plan generally vest 25% on the first anniversary of such grant and 1/48 per month over the next three years and expire no later than ten years from the date of grant. The Company generally issues new shares upon the exercise of stock options and stock appreciation rights. Restricted stock unit grants are time-based and generally vest over a period of four years. Options granted to non-employee directors expire no later than ten years from the date of grant. The exercise price of options to non-employee directors shall not be less than 100% of the fair value of the stock subject to the option on the date the option is granted. Initial grants of options to new directors generally vest over a two year period. Annual grants to directors generally vest upon the earlier of one year or the next stockholder meeting.

As reported in Footnote 10 to the Financial Statements filed with the Company's 2015 10K on March 11, 2016, a summary of outstanding stock issued under the Company's 2012 Stock Incentive Plan as of December 31, 2015 is as follows:

	Number of Options/SARs	Range of Exercise Price	Weighted Average Exercise Price per Share
Outstanding, December 31, 2014	487,146	$1.69 - $116.40	$ 17.21
Granted	353,350	$1.45 - $2.15	$ 2.07
Exercised	—	—	—
Forfeited	(134,002)	$1.45 - $91.90	$ 18.81
Outstanding, December 31, 2015	706,494	$1.45 - $116.40	$ 9.34

As of December 31, 2015, the weighted average remaining contractual life of the options and stock appreciation rights outstanding was 8.00 years. Of the 706,494 options and stock

appreciation rights that were outstanding as of December 31, 2015, 235,572 were vested and exercisable with a weighted average exercise price of $22.43 per share and a weighted average remaining term of 6.42 years.

A summary of the options and stock appreciation rights outstanding as of December 31, 2015 by range of exercise price is as follows:

	Year Ended December 31, 2015				
Range of Exercise Prices	Options Outstanding	Weighted Average Remaining Life	Weighted Average Exercise Price	Number of Options Currently Exercisable	Weighted Average Exercise Price Per Vested Share
$ 0.00 - $10.00	607,749	8.67 years	$ 3.07	136,827	$ 4.07
$30.01 - $40.00	61,495	4.95 years	$ 34.89	61,495	$ 34.89
$40.01 - $50.00	12,250	3.44 years	$ 43.90	12,250	$ 43.90
$50.01 - $60.00	12,250	2.41 years	$ 54.90	12,250	$ 54.90
$90.01+	12,750	0.95 years	$ 107.59	12,750	$ 107.59
	706,494	8.00 years	$ 9.34	235,572	$ 22.43

Number of Restricted Stock Units		Weighted Average Grant Date Fair Value per Unit
Outstanding, December 31, 2014	697,751	$3.14
Granted	391,200	$2.04
Vested	(241,775)	$3.06
Forfeited	(95,168)	$2.82
Outstanding, December 31, 2015	752,008	$2.63

As reported in Footnote 10 to the Financial Statements filed with the Company's 2nd Quarter 10Q on August 10, 2016, a summary of the 2016 outstanding stock issued under the Company's 2012 Stock Incentive Plan is as follows:

	Number of Options/SARs	Range of Exercise Price	Weighted Average Exercise Price per Share
Outstanding, December 31, 2015	706,494	$1.45 - $116.40	$ 9.34
Granted	1,000	$1.55	$ 1.55
Exercised	—	—	—
Forfeited	(21,111)	$1.74 - $99.00	$ 30.82
Outstanding, June 30, 2016	686,383	$1.45 - $116.40	$ 8.66

A summary of the restricted stock unit activity for the six month period ended June 30, 2016 is as follows:

	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value per Unit
Outstanding, December 31, 2015	752,008	$ 2.63
Granted	791,600	$ 0.84
Vested	(274,850)	$ 2.56
Forfeited	(56,262)	$ 1.49
Outstanding, June 30, 2016	1,212,496	$ 1.53

Additional detail regarding the terms and conditions of these grants can be found in Exhibits 10.1, 10.2 and 10.3 to the Company's Form 10-K for the fiscal year ended December 31, 2015.

2. Amended and Restated Stereotaxis, Inc. 2009 Employee Stock Purchase Plan.

In 2009, the Company adopted its 2009 Employee Stock Purchase Plan ("ESPP"). In June 2014, our shareholders approved a proposal to amend the ESPP to increase the number of shares authorized for issuance under the ESPP by 250,000 shares. Eligible employees have the opportunity to participate in a new purchase period every 3 months. Under the terms of the plan, employees can purchase up to 15% of their compensation of the Company's common stock, subject to an annual maximum of $25,000, at 95% of the fair market value of the stock at the end of the purchase period, subject to certain plan limitations. As of December 31, 2015, there were 231,298 remaining shares available for issuance under the Employee Stock Purchase Plan.

3. Note and Warrant Purchase Agreement wherein Lenders agree to provide $10 million in either direct loans to the Company or loan guarantees to the Company's primary lender. Under the Note and Warrant Purchase Agreement, the Company issued warrants (the "Guarantee Warrants") to the Lenders in exchange for the loans or loan guarantees. The Lenders are Alafi Capital Company LLC and entities affiliated with Sanderling Ventures.

4. Alafi Capital Company LLC PIPE Transaction warrants.

5. Exchange Warrants issued pursuant to an Amendment and Exchange Agreement dated August 7, 2013 to Dafna Life Science Ltd., Dafna Life Science Market Neutral Ltd., Dafna Life Science Select Ltd., Hudson Bay Master Fund Ltd., and Iroquois Master Fund Ltd.

A detailed description of outstanding warrants as reported in the Company's 2016 2nd Quarter 10Q follows:

Expiration Date **Warrant Type**	3/30/2017 **Guarantee**	5/1/2017 **Guarantee**	5/7/2017 **Guarantee**	3/29/2018 **Guarantee**	6/28/2018 **Guarantee**	7/31/2018 **Guarantee**	11/11/2018 **Exchange**	5/7/2018 **PIPE**
Alafi Capital	37,867	30,488	78,102	37,878	16,129	4,771	—	606,250
Sanderling Entities	37,867	—	—	—	32,258	9,542	—	—
Dafna Entities	—	—	—				1,041,357	—
Iroquois Master Fund Ltd.	—	—	—				107,855	—
Hudson Bay Master Fund Ltc.	—	—	—				1	—
Total	**75,735**	**30,488**	**78,102**	**37,878**	**48,387**	**14,313**	**1,149,213**	**606,250**
Exercise price of warrant	$ 6.60	$ 4.100	$ 3.361	$ 1.980	$ 1.550	$ 5.240	$ 3.361	$ 3.361

6. Certain Guarantee Warrants for 100,578 shares of Common Stock are subject to registration rights pursuant to the Note and Warrant Purchase Agreement among the Company, the Sanderling entities and Alafi Capital, effective as of February 7, 2008, which is filed as Exhibit 10.16 to the Company's Form 10-K for the fiscal year ended December 31, 2015.

Schedule 3.e
No Conflicts

1. Section 3.02 of the Loan Agreement dated November 30, 2011 between the Company, Stereotaxis International, Inc., and Healthcare Royalty Partners II L.P. (formerly Cowen Healthcare Royalty Partners II L.P.) provides for mandatory prepayment in the event of a change of control (as defined in the Loan Agreement) of the Company. The obligations under the Loan Agreement will be satisfied in full as of Closing in accordance with the letter dated August 23, 2016, which is attached to Schedule 3.a hereto.

2. Section 7.2 of the Second Amended and Restated Loan and Security Agreement (Domestic) dated as of November 30, 2011 by and between Silicon Valley Bank and Stereotaxis, Inc. and Stereotaxis International, Inc., as amended, provides in part that the Company will not have a material change in its ownership (other than by the sale of Borrower's equity securities in a public offering or to venture capital investors so long as Borrower identifies to Bank the venture capital investors prior to the closing of the investment). The Company will comply.

Schedule 3.f
SEC Documents; Financial Statements

1. None

Schedule 3.i
Litigation

1. None

Schedule 3.o
Employee Relations

As of December 31, 2015, we had 126 employees, 22 of whom were engaged directly in research and development, 57 in sales and marketing activities, 19 in manufacturing and service, 6 in regulatory, clinical affairs and quality activities, 5 in training activities and 17 in general administrative and accounting activities. A significant majority of our employees is not covered by a collective bargaining agreement, and we consider our relationship with our employees to be good.

Schedule 3.s
Personal Property

Personal property is subject to security interests of the lenders pursuant to:

1. Loan Agreement dated November 30, 2011 between the Company, Stereotaxis International, Inc., and Healthcare Royalty Partners II L.P. (formerly Cowen Healthcare Royalty Partners II L.P.), the obligations under which will be satisfied in full as of Closing in accordance with the letter agreement dated August 23, 2016, attached to Schedule 3.a hereto.

2. Second Amended and Restated Loan and Security Agreement between the Company, Stereotaxis International, Inc., and Silicon Valley Bank dated November 30, 2011, as amended.

Schedule 3.w
Listing

1. The Company's shares of common stock became eligible for trading on the OTCQX® Best Market, effective with the open of business on August 4, 2016. On August 2, 2016, the Company received a letter from The NASDAQ Stock Market LLC notifying the Company that, based upon the Company's continued non-compliance with the market value of listed securities requirement, which required that the Company evidence a minimum market capitalization of $35 million, the Company's securities would be delisted from NASDAQ effective with the open of business on August 4, 2016.

Schedule 3.y
Tax Status

1. None

Schedule 3.z
Transactions with Affiliates

1. Outstanding warrants held by entities affiliated with Sanderling Ventures. Fred A. Middleton is affiliated with Sanderling Ventures and is a member of the Company's Board of Directors.

As reported in the Company's 2015 proxy statement filed with the SEC on April 14, 2016, Mr. Middleton beneficially owns 1,502,198 shares Stereotaxis common stock including 1,367,422 shares held and 79,666 additional shares issuable upon exercise of warrants held by the entities affiliated with Sanderling Ventures. Mr. Middleton disclaims beneficial ownership of the shares and warrants held by the entities affiliated with Sanderling Ventures. Mr. Middelton also has options to purchase 18,300 shares of common stock.

Entities affiliated with Sanderling Ventures beneficially own 1,447,088 shares of Stereotaxis common stock including:

(a) 82 shares held by Sanderling Ventures Management V;

(b) 5,335 shares held by and 703 shares issuable upon exercise of warrants held by Sanderling VI Beteiligungs GmbH & Co. KG;

(c) 6,358 shares held by and 837 shares issuable upon exercise of warrants held by Sanderling VI Limited Partnership;

(d) 40,673 shares held by Sanderling Ventures Management VI;

(e) 53,275 shares held by Sanderling IV Biomedical Co-Investment Fund, L.P.;

(f) 22,451 shares held by Sanderling Venture Partners IV Co-Investment Fund, L.P.;

(g) 67,790 shares held by Sanderling Venture Partners V Co-Investment Fund, L.P.;

(h) 11,097 shares held by Sanderling V Beteiligungs GmbH & Co. KG;

(i) 11,956 shares held by Sanderling V Limited Partnership;

(j) 39,716 shares held by Sanderling V Biomedical Co-Investment Fund, L.P.;

(k) 1,500 shares held by Sanderling Management, LLC 401(k) Plan; and

(l) 1,107,189 shares held by and 78,126 shares issuable upon exercise of warrants held by Sanderling Venture Partners VI Co-Investment Fund, L.P.

2. Consulting Agreement dated June 4, 2014, as amended, between the Company and Eric N. Prystowsky, M.D. Dr. Prystowsky is a member of the Company's Board of Directors.

3. The terms of this agreement are filed as Exhibit 10.3 to the Company's 2nd Quarter 2014 10Q filed with the SEC on August 7, 2014. As reported in the Company's 2015 Proxy statement, during 2015, Dr. Prystowsky was paid $13,890 under his consulting agreement with the Company.

Schedule 3.hh
Manipulation of Prices; Securities

1. As reported to the SEC on Form 4:

   Shares of Common Stock were periodically sold, on behalf of officers, in payment of tax withholding as a result of the vesting of restricted share units.

Schedule 4.k
Board Designees

David Fischel – Class II Director
Joe Kiani – Class II Director
Arun Menawat, Ph.D. – Class I Director

Schedule 4.t
Variable Priced Securities

1. None

Schedule 9.1
Placement Agent

1. Pursuant to the Agreement dated July 12, 2013, as amended, between Gordian Group, LLC and the Company together with its affiliates and subsidiaries, Gordian will be paid $498,000 in connection with the transaction.

Exhibit A

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS OF SERIES A CONVERTIBLE PREFERRED STOCK OF STEREOTAXIS, INC.

Stereotaxis, Inc. (the "**Company**"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify that, pursuant to authority conferred upon the Board of Directors of the Company by the Amended and Restated Certificate of Incorporation, as amended, of the Company, and pursuant to Section 151 of the General Corporation Law of the State of Delaware, the Board of Directors of the Company at a meeting duly held adopted resolutions (i) authorizing a series of the Company's previously authorized preferred stock, par value $0.001 per share, and (ii) providing for the designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations or restrictions thereof, of 24,000 shares of "**Series A Convertible Preferred Stock**" of the Company, as follows:

RESOLVED, that the Company is authorized to issue 24,000 shares of Series A Convertible Preferred Stock (the "**Preferred Shares**"), with a stated value of $1,000 per share, which shall have the following powers, designations, preferences and other special rights:

(1) Dividends. The Preferred Shares shall bear dividends at a rate of six percent (6.0%) per annum, which shall be cumulative and accrue daily from the Issuance Date (as defined below), on the Stated Value (as defined below). Such dividends shall accrue whether or not they have been declared and whether or not there are profits, surplus or other funds of the Company legally available for the payment of dividends. Such dividends shall not be paid or payable in cash, except in connection with any liquidation, dissolution or winding up of the Company or any redemption of the Preferred Shares pursuant to the terms hereof or as otherwise expressly set forth herein. In addition, subject to the rights of the holders, if any, of the shares of other classes or series of preferred stock of the Company that are of equal rank with the Preferred Shares as to payments of Preferred Funds (as defined below) (the "**Pari Passu Shares**"), if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of the Company's common stock, par value $0.001 per share ("**Common Stock**"), by way of return of capital or otherwise (including any dividend or other distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement or other similar transaction) (a "**Distribution**"), at any time after the Effective Date, then, in each such case, each holder of Preferred Shares shall be entitled to receive such Distribution, and the Company shall make such Distribution to such holder, exactly as if such holder had converted such holder's Preferred Shares in full (and, as a

result, had held all of the Conversion Shares that such holder would have received upon such conversion, without regard to any limitations or restrictions on conversion) immediately prior to the record date for such Distribution, or if there is no record date therefor, immediately prior to the effective date of such Distribution (but without the holder's actually having to so convert such holder's Preferred Shares). For the avoidance of doubt, payments under the preceding sentence shall be made concurrently with the Distribution to the holders of Common Stock.

(2) Holder's Conversion of Preferred Shares. A holder of Preferred Shares shall have the right, at such holder's option, to convert the Preferred Shares into shares of Common Stock on the following terms and conditions:

(a) Conversion Right. At any time or times on or after the Issuance Date (as defined below), any holder of Preferred Shares shall be entitled to convert any whole number of Preferred Shares into fully paid and nonassessable shares (rounded to the nearest whole share in accordance with Section 2(h)) of Common Stock, at the Conversion Rate (as defined below); provided, however, that in no event shall any holder be entitled or required to convert Preferred Shares for a number of Conversion Shares in excess of that number of Conversion Shares that, upon giving effect to such conversion, would cause the aggregate number of shares of Common Stock beneficially owned by the holder and its Affiliates and any other persons or entities whose beneficial ownership of shares of Common Stock would be aggregated with the holder's for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended (the "**1934 Act**"), including shares held by any "group" of which the holder is a member (any such other persons and entities being referred to herein as "**Other Persons**"), to exceed the Beneficial Ownership Limitation. For purposes of the foregoing proviso, the aggregate number of shares of Common Stock beneficially owned by the holder and its Affiliates shall include the number of shares of Common Stock issuable upon conversion of the Preferred Shares with respect to which the determination of such proviso is being made, but shall exclude the shares of Common Stock that would be issuable upon (i) conversion of the remaining, nonconverted Preferred Shares beneficially owned by the holder and its Affiliates and any Other Persons and (ii) exercise, conversion or exchange of the unexercised, unconverted or unexchanged portion of any other securities of the Company beneficially owned by the holder and its Affiliates and any Other Persons (including any of the Warrants (as defined in the Securities Purchase Agreement) and any other warrants and any convertible preferred shares or notes) subject to a limitation on conversion, exercise or exchange analogous to the limitation contained herein. Subject to the immediately preceding sentence, for purposes of this Section 2(a), beneficial ownership shall be calculated in accordance with Section 13(d) of the 1934 Act and applicable regulations of the Securities and Exchange Commission ("**SEC**"), and "group" shall have the meaning set forth in Section 13(d) of the 1934 Act and applicable regulations of the SEC. For purposes of this Certificate of Designations, in determining the number of outstanding shares Common Stock a holder may rely on the number of outstanding shares of Common Stock as reflected in (1) the Company's most recent Form 10-Q or Form 10-K filed under the 1934 Act, as the case may be, (2) a more recent public announcement by the Company or (3) any other notice by the Company or its transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written request of any holder, the Company shall promptly, but in no event later than two (2) Business Days following the receipt of such request, confirm in writing to any such holder the number of shares Common Stock then outstanding. In any case, the number of outstanding shares Common Stock shall be determined after giving

effect to the conversion, exercise or exchange of securities of the Company and Preferred Shares by such holder and its Affiliates and any Other Persons, since the date as of which such number of outstanding shares of Common Stock was reported. Notwithstanding the foregoing, each holder of Preferred Shares shall have the sole right and obligation to determine whether the restrictions contained in this Section 2(a) apply to such holder. For purposes of determining the maximum number of shares of Common Stock that the Company may issue to a holder upon conversion of Preferred Shares, such holder's delivery of a Conversion Notice (as defined in Section 2(e)) with respect to such conversion shall constitute a representation by such holder that the holder has determined, based on the most recent public filings by the Company under the 1934 Act (or any differing information received from the Company as provided above), that upon the issuance of the shares of Common Stock to be issued to such holder, the shares of Common Stock beneficially owned by such holder and its Affiliates and any Other Persons will not exceed the Beneficial Ownership Limitation. The "**Beneficial Ownership Limitation**" shall be 4.99% of the number of shares of Common Stock immediately after giving effect to the issuance of shares of Common Stock upon such conversion of Preferred Shares; provided, however, that a holder of Preferred Shares, upon not less than 61 days' prior notice to the Company, may increase the Beneficial Ownership Limitation applicable to such holder (but, for the avoidance of doubt, not to any subsequent holder of such Preferred Shares or to any other holder of Preferred Shares) to 9.99% of the number of shares of Common Stock outstanding immediately after giving effect to the conversion of Preferred Shares. No such increase shall be effective prior to the 61st day after such notice is delivered to the Company.

(b) Conversion Rate. The number of shares of Common Stock issuable upon conversion of each of the Preferred Shares pursuant to Section (2)(a) shall be determined according to the following formula (the "**Conversion Rate**"):

$$\frac{\text{Liquidation Preference}}{\text{Conversion Price}}$$

For purposes of this Certificate of Designations, the following terms shall have the following meanings:

(i) "**Affiliate**" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 144 ("**Rule 144**") under the Securities Act of 1933, as amended (the "**1933 Act**"). Any investment fund or managed account that is managed on a discretionary basis by the same investment manager as a holder will be deemed to be an Affiliate of the holder.

(ii) "**Approved Stock Plan**" shall mean any employee benefit plan that has been approved by the Board of Directors and the shareholders of the Company (either prior to or following the date of this Certificate of Designations), pursuant to which the Company's securities may be issued to any consultant, employee, officer or director for services provided to the Company.

(iii) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in the City of New York are authorized or required by law to remain closed.

(iv) "**Conversion Price**" means, on a per share basis, as of any Conversion Date (as defined below) or other date of determination $0.65, subject to adjustment as provided herein.

(v) "**Conversion Shares**" means shares of Common Stock issuable upon conversion of Preferred Shares.

(vi) "**Convertible Security**" means any stock or securities (other than Options) directly or indirectly convertible into or exchangeable or exercisable for shares of Common Stock.

(vii) "**Effective Date**" means September **[ ]**, 2016.

(viii) "**Enterprise Value**" means (a) the product of (1) the number of issued and outstanding shares of Common Stock on the date the Company delivers a Notice of Major Transaction (as defined below), multiplied by (2) the Weighted Average Price for the Common Stock on such date, plus (b) the aggregate Liquidation Preference of the issued and outstanding Preferred Shares (together with the liquidation preference of any other outstanding preferred stock of the Company), plus (c) the amount of the Company's and the Subsidiaries' indebtedness as shown on a consolidated basis on the latest balance sheet publicly filed under the 1934 Act prior to the date the Company delivers the Notice of Major Transaction (the "**Current Balance Sheet**"), less (d) the amount of cash and cash equivalents of the Company and the Subsidiaries as shown on a consolidated basis on the Current Balance Sheet.

(ix) "**Issuance Date**" means, with respect to each Preferred Share, the date of issuance of such Preferred Share.

(x) "**Liquidation Preference**" means, with respect to each Preferred Share, the Stated Value plus an amount per share equal to any dividends accrued and unpaid through the date of determination.

(xi) "**Options**" means any rights, warrants or options to subscribe for or purchase shares of Common Stock or Convertible Securities.

(xii) "**Principal Market**" means, with respect to the Common Stock, the OTC Markets — OTCQX tier; provided that, (A) if the Common Stock is listed on any of the NYSE MKT, The New York Stock Exchange, the NASDAQ Global Market, the NASDAQ Global Select Market or the NASDAQ Capital Market (or a successor to any of the foregoing) (each, a "**National Exchange**"), then Principal Market with respect to the Common Stock shall mean such National Exchange, and (B) if the Common Stock ceases to be listed or quoted on the OTC Markets – OTCQX tier or any National Exchange, then Principal Market with respect to the Common Stock shall mean the principal securities exchange or trading market for the Common Stock; and with respect to any other security, Principal Market shall mean the principal securities exchange or trading market for such security.

(xiii) "**Registration Rights Agreement**" means that certain registration rights agreement between the Company and the investors party thereto, as the same may be amended, restated, modified or supplemented and in effect from time to time.

(xiv) "**Securities**" means, collectively, the Preferred Shares and the Conversion Shares.

(xv) "**Securities Purchase Agreement**" means that certain Securities Purchase Agreement between the Company and the investors party thereto, as the same may be amended, restated, modified or supplemented and in effect from time to time.

(xvi) "**Stated Value**" means $1,000.

(xvii) "**Subsidiary**" means any entity in which the Company, directly or indirectly, owns any of the outstanding capital stock, equity or similar interests or voting power of such entity, whether directly or through any other Subsidiary.

(xviii) "**Weighted Average Price**" means, for any security as of any date, the U.S. dollar volume-weighted average price for such security on its Principal Market during the period beginning at 9:30 a.m., New York City time (or such other time as the Principal Market publicly announces is the official open of trading), and ending at 4:00 p.m., New York City time (or such other time as the Principal Market publicly announces is the official close of trading), as reported by Bloomberg Markets (or any successor thereto, "**Bloomberg**") through its "Volume at Price" functions, or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30 a.m., New York City time (or such other time as such over-the-counter market publicly announces is the official open of trading), and ending at 4:00 p.m., New York City time (or such other time as such over-the-counter market publicly announces is the official close of trading), as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported by OTC Markets Group, Inc. (or any successor thereto). If the Weighted Average Price cannot be calculated for such security on such date on any of the foregoing bases, the Weighted Average Price of such security on such date shall be the fair market value as mutually determined by the Company and either (i) the holders of a majority of the Preferred Shares to be redeemed pursuant to Section 3 or Section 4 hereof, as applicable, or (ii) the holder of the Preferred Shares as to which the determination is being made, with respect to any determination pursuant to Section 2 hereof. If the Principal Market is located in a country other than the United States, the Weighted Average Price shall be calculated in U.S. dollars using the spot rate for the purchase of the applicable foreign currency at the close of business on the immediately preceding Business Day in New York, New York published in the Wall Street Journal. If the Company and the applicable holders of the Preferred Shares described above are unable to agree upon the fair market value of the Common Stock or other security, then such dispute shall be resolved pursuant to Section 2(e)(iii), Section 3(g) or

Section 4 below, as applicable. All such determinations to be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during any period during which the Weighted Average Price is being determined.

(c) Adjustment to Conversion Price. In order to prevent dilution of the rights granted under this Certificate of Designations, the Conversion Price will be subject to adjustment from time to time as provided in this Section 2(c).

(i) Adjustment of Conversion Price upon Subdivision or Combination of Common Stock. If the Company at any time on or after the Effective Date subdivides (by any stock split, stock dividend, recapitalization or otherwise) outstanding shares of Common Stock ("**Shares**") into a greater number of Shares, the Conversion Price in effect immediately prior to such subdivision will be proportionately reduced. If the Company at any time on or after the Issuance Date combines (by combination, reverse stock split or otherwise) its outstanding Shares into a lesser number of Shares, the Conversion Price in effect immediately prior to such combination will be proportionately increased. Any adjustment under this Section 2(c)(i) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(ii) Reorganization, Reclassification, Consolidation, Merger or Sale. Any recapitalization, reorganization, reclassification, consolidation, merger, sale of all or substantially all of the Company's assets (including, for the avoidance of doubt, all or substantially all of the assets of the Company and the Subsidiaries in the aggregate) to another Person (as defined below), or other transaction, that is effected in such a way that holders of Common Stock are entitled to receive (either directly or upon subsequent liquidation) stock, securities or assets (including cash) with respect to or in exchange for Common Stock is referred to herein as "**Organic Change**." Prior to the consummation of any Organic Change, the Company will make appropriate provision (in form and substance reasonably satisfactory to the holders of a majority of the Preferred Shares then outstanding) to ensure that each of the holders of the Preferred Shares will thereafter have the right to acquire and receive in lieu of or in addition to (as the case may be) the shares of Common Stock otherwise acquirable and receivable upon the conversion of such holder's Preferred Shares, such shares of stock, securities or assets that would have been issued or payable in such Organic Change with respect to or in exchange for the number of shares of Common Stock that would have been acquirable and receivable upon the conversion of such holder's Preferred Shares had such Organic Change not taken place (without taking into account any limitations or restrictions on the timing or amount of conversions). In any such case, the Company will make appropriate provision (in form and substance reasonably satisfactory to the holders of a majority of the Preferred Shares then outstanding) with respect to such holders' rights and interests to ensure that the provisions of this Section 2(c) and Section 2(d) will thereafter be applicable to the Preferred Shares (including, in the case of any such Organic Change in which the successor entity or purchasing entity is other than the Company, an immediate adjustment of each of the Conversion Price to the value for the Common Stock reflected by the terms of such consolidation, merger or sale, if the value so reflected is less than such Conversion Price in effect immediately prior to such consolidation, merger or sale and an immediate revision to the Conversion Price to reflect the price of the common stock of the surviving entity and the market in which such common stock is traded). The Company will not effect any such Organic Change, unless prior to the consummation

thereof, the successor entity (if other than the Company) resulting from consolidation or merger or the entity purchasing such assets assumes, by written instrument (in form and substance reasonably satisfactory to the holders of a majority of the Preferred Shares then outstanding), the obligation to deliver to each holder of Preferred Shares such shares of stock, securities or assets as, in accordance with the foregoing provisions, such holder may be entitled to acquire. "**Person**" shall mean an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization or a government or any department or agency thereof or any other legal entity.

(iii) Certain Events. If any event occurs of the type contemplated by the provisions of Sections 2(c)(i)-(ii) but not expressly provided for by such provisions, then the Company's Board of Directors will make an appropriate adjustment in the Conversion Price so as to protect the rights of the holders of the Preferred Shares; provided, however, that no such adjustment will increase the Conversion Price as otherwise determined pursuant to this Section 2(c).

(iv) Notices.

(A) Promptly following, but in no event later than three (3) Business Days, after any adjustment of the Conversion Price pursuant to this Section 2(c), the Company will give written notice thereof to each holder of the Preferred Shares, setting forth in reasonable detail and certifying the calculation of such adjustment.

(B) The Company will give written notice to each holder of the Preferred Shares at least ten (10) days prior to the date on which the Company closes its books or takes a record (I) with respect to any dividend or distribution upon the Common Stock, (II) with respect to any pro rata subscription offer to holders of Common Stock, or (III) for determining rights to vote with respect to any Organic Change, dissolution or liquidation; provided that such information shall be made known to the public prior to or in conjunction with such notice being provided to such holder.

(C) The Company will also give written notice to each holder of Preferred Shares at least twenty (20) days prior to the consummation of any Major Transaction, Organic Change, dissolution or liquidation, provided that such information shall be made known to the public prior to or in conjunction with such notice being provided to such holder.

(d) Purchase Rights. If at any time after the Effective Date the Company grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of Common Stock (the "**Purchase Rights**"), then the holders of the Preferred Shares will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which such holder could have acquired if such holder had held the number of shares of Common Stock acquirable upon complete conversion of the Preferred Shares (without taking into account any limitations or restrictions on the timing or amount of conversions) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of the Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

(e) Mechanics of Conversion.

(i) Holder's Delivery Requirements. To convert Preferred Shares into full shares of Common Stock on any date (the "**Conversion Date**"), the holder thereof shall (A) transmit by electronic mail (or otherwise deliver), for receipt on or prior to 11:59 p.m. Eastern Time, on such date, a copy of a fully executed notice of conversion in the form attached hereto as Exhibit I (the "**Conversion Notice**") to the Company and its designated transfer agent (the "**Transfer Agent**") which Conversion Notice may specify that such conversion is conditioned upon consummation of a Major Transaction or Organic Change or any other transaction (such Major Transaction, Organic Change or other transaction, a "**Conversion Triggering Transaction**"), and (B) if required by Section 2(e)(vii), surrender to a carrier, for overnight delivery to the Company as soon as practicable following such date, the original certificate(s) (the "**Preferred Stock Certificate(s)**") representing the Preferred Shares being converted (or an indemnification undertaking with respect to such shares in the case of their loss, theft or destruction) (or, if the conversion is conditioned upon the consummation of a Conversion Triggering Transaction, on the date of (and immediately prior to) the consummation of such Conversion Triggering Transaction). Notwithstanding anything to the contrary contained herein, the holder may elect, in connection with a conversion that is contingent upon an Organic Change, that such conversion be effected contemporaneously with such Organic Change and that the holder will acquire and receive in lieu of or in addition to (as the case may be) the shares of Common Stock immediately theretofore acquirable and receivable upon such conversion of such holder's Preferred Shares, such shares of stock, securities or assets of the acquiring entity in the Organic Change that would have been issued or payable in such Organic Change with respect to or in exchange for the number of shares that would have been acquirable and receivable upon such conversion of Preferred Shares as of the date of such Organic Change. In the event that the Conversion Shares issuable upon conversion are to be issued in any name other than that of the registered holder of the Preferred Shares being converted, each Preferred Stock Certificate representing such Preferred Shares surrendered for conversion shall be accompanied by instruments of transfer, in customary form duly executed by the holder or such holder's duly authorized agent.

(ii) Company's Response. Upon receipt by the Company of a copy of a Conversion Notice, the Company shall (A) immediately send, via electronic mail, a confirmation of receipt of such Conversion Notice to such holder and (B) no later than the second Business Day following the date of receipt (or, if the conversion is conditioned upon the consummation of a Conversion Triggering Transaction, immediately prior to the consummation of such Conversion Triggering Transaction) (the "**Share Delivery Date**"), as directed by such holder in the Conversion Notice, (I) provided that the holder of the Preferred Shares (or its designee) is eligible to receive shares through The Depository Trust Company ("**DTC**"), credit such aggregate number of shares of Common Stock to which the holder shall be entitled to the holder's or its designee's balance account with DTC through its Deposit/Withdrawal At Custodian (DWAC) system, (II) issue and deliver to the address specified in the Conversion Notice, a certificate, registered in the name of the holder or its designee, representing the number of shares of Common Stock to which the holder shall be entitled or (III) issue such aggregate

number of shares of Common Stock to the holder or its designee through the Direct Registration System (DRS) of DTC and deliver a statement with respect thereto to the address specified in the Conversion Notice, and in any case, such shares of Common Stock shall not bear, or otherwise be subject to, the 1933 Act Legend (as defined in the Securities Purchase Agreement) as and to the extent provided in Section 2(f) hereof. If the number of Preferred Shares represented by the Preferred Stock Certificate(s) submitted for conversion is greater than the number of Preferred Shares being converted, then the Company shall, at its own expense, as soon as practicable and in no event later than four (4) Business Days after the Company shall have received the applicable Preferred Stock Certificate(s) (the "**Certificate Delivery Date**"), issue and deliver to the holder a new Preferred Stock Certificate representing the number of Preferred Shares not converted.

(iii) Dispute Resolution. In the case of a bona fide dispute as to the determination of the arithmetic calculation of the Conversion Rate, the Company shall promptly issue to the holder the number of shares of Common Stock that is not disputed and shall submit the disputed determinations or arithmetic calculations to the holder via facsimile and electronic mail within two (2) Business Days of receipt of such holder's Conversion Notice. If such holder and the Company are unable to agree upon the determination of the arithmetic calculation of the Conversion Rate within two (2) Business Days of such disputed determination or arithmetic calculation being submitted to the holder, then the Company shall within three (3) Business Days submit via electronic mail the disputed arithmetic calculation of the Conversion Rate to its independent, outside accountant or other financial institution mutually acceptable to the Company and such holder. The Company shall direct the accountant or financial institution, as the case may be, to perform the determinations or calculations and notify the Company and the holder of the results as promptly as practicable, but in no event later than five (5) Business Days from the time it receives the disputed determinations or calculations. Such accountant's or other institution's determination or calculation, as the case may be, shall be binding upon all parties, absent manifest error.

(iv) Record Holder. The person or persons entitled to receive the shares of Common Stock issuable upon a conversion of Preferred Shares shall be treated for all purposes as the record holder or holders of such shares of Common Stock on the Conversion Date.

(v) Company's Failure to Timely Convert. In the event the Company shall (x) fail for any reason or no reason (other than as a result of a delay caused by such holder's broker or agent, but in such case, only to the extent and for such period of time that such broker or agent's action or inaction is the direct cause of such delay) to (A) credit the holder's balance account with DTC for such number of shares of Common Stock to which the holder is entitled upon such exercise, (B) issue and deliver to a holder a certificate for the number of shares of Common Stock to which the holder is entitled upon the conversion of Preferred Shares, or (C) issue electronically in the name of the holder or its designee through the Direct Registration System (DRS) of DTC such number of shares of Common Stock to which the holder is entitled upon such conversion, in any such case on or prior to the Share Delivery Date, or (y) after the applicable SEC Effective Date, or at such other time as the Unrestricted Conditions have been met, issue any such shares of Common Stock bearing, or otherwise being subject to, the 1933 Act Legend, then the Company shall pay, as partial liquidated damages (but

not as a penalty and in addition to all other available remedies which such holder may pursue hereunder and under the Securities Purchase Agreement (including indemnification pursuant to Section 8 thereof)), to such holder on each day (I) after the Share Delivery Date that such conversion is not timely effected, in the case of clause (x) above, or (II) that such shares of Common Stock bear, or are otherwise subject to, the 1933 Act Legend, in the case of clause (y) above, in an amount equal to 0.25% of the product of (X) the sum of the number of shares of Common Stock not issued to the holder on a timely basis pursuant to Section 2(e)(ii) and to which such holder is entitled (or which bear, or are otherwise subject to, the 1933 Act Legend, as applicable) and (Y) the Weighted Average Price of the Common Stock on the last possible date which the Company could have issued such Common Stock to such holder without violating Section 2(e)(ii). Alternatively, (a) subject to the dispute resolution provisions of Section 2(e)(iii), at the election of the holder made in the holder's sole discretion, the Company shall pay to the holder, in lieu of the partial liquidated damages referred to in the preceding sentence (but not as a penalty and in addition to all other available remedies which such holder may pursue hereunder and under the Securities Purchase Agreement (including indemnification pursuant to Section 8 thereof)), 110% of the amount by which (1) the holder's total purchase price (including brokerage commissions, if any) for shares of Common Stock purchased to make delivery in satisfaction of a sale by the holder of the shares of Common Stock to which the holder is entitled but has not received upon conversion (or which bear, or are otherwise subject to, the 1933 Act Legend), exceeds (2) the net proceeds received by the holder from the sale of the shares of Common Stock to which the Holder is entitled but has not received upon such exercise (or which bear, or are otherwise subject to, the 1933 Act Legend), and (b) at the option of such holder, either (i) such conversion of Preferred Shares shall be cancelled and the Company shall reinstate such Preferred Shares and the related number of Conversion Shares with respect to such conversion, or (ii) the Company shall deliver to such holder the number of Conversion Shares that would have been issued had the Company timely complied with its conversion and delivery obligations hereunder.

(vi) Company's Failure to Issue Certificates. In the event the Company shall fail to issue a new Preferred Stock Certificate representing the number of Preferred Shares to which such holder is entitled on or before the Certificate Delivery Date pursuant to Section 2(e)(ii), then the Company shall pay, as partial liquidated damages (but not as a penalty and in addition to all other available remedies which such holder may pursue hereunder and under the Securities Purchase Agreement (including indemnification pursuant to Section 8 thereof)), to such holder on each day after the Certificate Delivery Date that such delivery of such Preferred Stock Certificates is not timely effected in an amount equal to 0.25% of the product of (A) the number of shares of Common Stock issuable upon conversion of the Preferred Shares to be represented by such Preferred Stock Certificate as of the last possible date which the Company could have issued such Preferred Stock Certificate to such holder without violating Section 2(e)(ii) and (B) the Weighted Average Price of the Common Stock on the last possible date which the Company could have issued such Preferred Stock Certificate to such holder without violating Section 2(e)(ii), other than as a result of a delay caused by such holder's broker or other agent, but in such case, only to the extent and for such period of time that such broker or agent's action or inaction is the direct cause of such delay.

(vii) Book-Entry. Notwithstanding anything to the contrary set forth herein, upon conversion or redemption of Preferred Shares in accordance with the terms

hereof, the holder thereof shall not be required to physically surrender the certificate representing the Preferred Shares, if any, to the Company unless the full number of Preferred Shares represented by the certificate are being converted or redeemed. The holder and the Company shall maintain records showing the number of Preferred Shares so converted and the dates of such conversions or shall use such other method, reasonably satisfactory to the holder and the Company, so as not to require physical surrender of the certificate representing the Preferred Shares, if any, upon each such conversion. In the event of any dispute or discrepancy, such records of the Company shall be controlling and determinative in the absence of manifest error. Notwithstanding the foregoing, if Preferred Shares represented by a certificate are converted as aforesaid, the holder may not transfer the certificate representing the Preferred Shares unless the holder first physically surrenders the certificate representing the Preferred Shares to the Company, whereupon the Company will forthwith issue and deliver upon the order of the holder a new certificate of like tenor, registered as the holder may request, representing in the aggregate the remaining number of Preferred Shares represented by such certificate. The holder and any assignee, by acceptance of a certificate, acknowledge and agree that, by reason of the provisions of this paragraph, following conversion of any Preferred Shares, the number of Preferred Shares represented by any such certificate may be less than the number of Preferred Shares stated of the face thereof. Each certificate for Preferred Shares shall bear the following legend:

> ANY TRANSFEREE OF THIS CERTIFICATE SHOULD CAREFULLY REVIEW THE TERMS OF THE COMPANY'S CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS OF THE PREFERRED SHARES REPRESENTED BY THIS CERTIFICATE, INCLUDING SECTION 2(e)(vii) THEREOF. THE NUMBER OF PREFERRED SHARES REPRESENTED BY THIS CERTIFICATE MAY BE LESS THAN THE NUMBER OF PREFERRED SHARES STATED ON THE FACE HEREOF PURSUANT TO SECTION 2(e)(vii) OF THE CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS.

(f) Legend Removal. Notwithstanding anything to the contrary contained herein or in the Securities Purchase Agreement, upon the written request to the Company of a holder of a certificate or other instrument representing any Securities, the 1933 Act Legend shall be removed and the Company shall issue a certificate without the 1933 Act Legend to the holder of the Securities upon which it is stamped (or, in the case of any Conversion Shares being acquired upon conversion of any Preferred Shares, the Company shall issue the Conversion Shares without being subject to the 1933 Act Legend), if (i) such Securities are registered for resale under the 1933 Act (the date any such registration is declared effective by the SEC, the "**SEC Effective Date**"), (ii) in connection with a sale transaction, such holder provides the Company with an opinion of counsel, in a reasonably acceptable form, to the effect that a public sale, assignment or transfer of the Securities may be made without registration under the 1933 Act, (iii) such holder provides the Company reasonable assurances that the Securities have been or are being sold pursuant to Rule 144, or (iv) such holder certifies, on or after the date that is six (6) months after the date on which such holder acquired the Securities (or is deemed to have acquired the Securities under Rule 144, which in the case of Conversion Shares shall be the Closing Date (as defined in the Securities Purchase Agreement) on which the

Preferred Shares convertible into such Conversion Shares were issued), that such holder is not an "affiliate" of the Company (as defined in Rule 144) (collectively, the "**Unrestricted Conditions**"). The Company shall cause its counsel to issue a legal opinion to the transfer agent for the Common Stock promptly after the applicable SEC Effective Date, or at such other time as the Unrestricted Conditions have been met, if required by such transfer agent to effect the issuance of the applicable Preferred Shares or Conversion Shares without the 1933 Act Legend or removal of the 1933 Act Legend; provided, that in the event that the Company's legal counsel determines in good faith that it is unable to issue such a legal opinion to the transfer agent as a result of an amendment to Rule 144 (e.g., to extend the holding period thereunder) or other applicable securities laws, rules or regulations subsequent to the Closing Date, the Company shall not be required to deliver such legal opinion until the earliest time as its counsel is able to do so. If the Unrestricted Conditions are met with respect to any Preferred Shares or Conversion Shares at the time of issuance of such Security, then such Security shall be issued free of the 1933 Act Legend. The Company agrees that, following the applicable SEC Effective Date with respect to any Securities or at such time as the Unrestricted Conditions are otherwise met or the 1933 Act Legend is otherwise no longer required under this Section 2(f), any certificates representing such Securities bearing the 1933 Act Legend may be exchanged for certificates bearing no 1933 Act Legend. The Company shall, or shall cause the transfer agent for the Common Stock (as applicable), to deliver the certificates not bearing, or otherwise issue such Securities without being subject to, as applicable, such legend within three (3) Business Days after receipt of the legended Securities (or any certificate or instrument representing such Securities). The Company shall be responsible for the fees of its transfer agent and all of the DTC fees associated with any issuance hereunder.

(g) Company's Failure to Timely Remove Legends. If, following the applicable SEC Effective Date or at such time as the Unrestricted Conditions are otherwise met or the 1933 Act Legend is otherwise no longer required under Section 2(f) hereof, the Company fails to deliver, or cause the transfer agent for the Common Stock to deliver (other than as a result of a delay caused by such holder's broker or other agent, but in such case, only to the extent and for such period of time that such broker's or agent's action or inaction is the direct cause of such delay), the Preferred Shares or any Conversion Shares (including any certificate or instrument representing any such Preferred Shares or Conversion Shares) that do not bear and are not otherwise subject to the 1933 Act Legend within three (3) Business Days after receipt of legended Securities (or any certificate or instrument representing such Securities), then the Company shall pay, as partial liquidated damages (but not as a penalty and in addition to all other available remedies which such holder may pursue hereunder and under the Securities Purchase Agreement (including indemnification pursuant to Section 8 thereof)), to such holder on each day after such third (3rd) Business Day that such delivery of such unlegended Securities is not timely effected in an amount equal to 0.25% of the product of (A) the sum of (x) the number of shares of Common Stock, and (y) the number of shares of Common Stock issuable upon conversion of the Preferred Shares, in each case that were not so-delivered to the holder without being subject to the 1933 Act Legend, and (B) the Weighted Average Price of the Common Stock on the last possible date which the Company could have issued such unlegended Securities to such holder without violating Section 2(f). For the avoidance of doubt, any payments pursuant to this Section 2(g) shall be duplicative of any payments made pursuant to Section2(e)(v) hereof upon any conversion of Preferred Shares.

(h) Fractional Shares. The Company shall not issue any fraction of a share of Common Stock upon any conversion. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one Preferred Share by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of a fraction of a share of Common Stock. If, after the aforementioned aggregation, the issuance would result in the issuance of a fraction of a share of Common Stock, the Company shall round such fraction of a share of Common Stock up or down to the nearest whole share (with 0.5 rounded up).

(i) Taxes. The Company shall pay any and all taxes that may be payable with respect to the issuance and delivery of shares of Common Stock upon the conversion of the Preferred Shares, provided, that the foregoing shall not apply with respect to any individual or entity income taxes that are payable by any holder.

(3) Redemption at Option of Holders.

(a) Redemption Option Upon Major Transaction. In addition to all other rights of the holders of Preferred Shares contained herein, simultaneous with or after the occurrence of a Major Transaction, each holder of Preferred Shares shall have the right, at such holder's option, but solely in accordance with the provisions of Section 3(e), to require the Company to redeem all or a portion of such holder's Preferred Shares at a price per Preferred Share equal to the greater of (i) the Liquidation Preference, and (ii) the product of (A) the Conversion Rate at such time, multiplied by (B) either (x) in the event of a Change of Control Transaction in which all of the outstanding Shares are exchanged for, or converted into the right to receive, consideration consisting solely of cash, then the consideration per Share payable in such Change of Control Transaction, or (y) otherwise, the Weighted Average Price of the Common Stock on the date immediately preceding the closing of the Major Transaction (the "**Major Transaction Redemption Price**").

(b) Redemption Option Upon Triggering Event. In addition to all other rights of the holders of Preferred Shares contained herein, simultaneous with or after the occurrence of a Triggering Event (as defined below), each holder of Preferred Shares shall have the right, at such holder's option, but solely in accordance with the provisions of Section 3(f), to require the Company to redeem all or a portion of such holder's Preferred Shares at a price per Preferred Share equal to the greater of (i) 120% of the Liquidation Preference, and (ii) the product of (A) the Conversion Rate on the date of such holder's delivery of a Notice of Redemption at Option of Buyer Upon Triggering Event, multiplied by (B) the greater of (x) the Weighted Average Price of the Common Stock on the trading day immediately preceding such Triggering Event or (y) the Weighted Average Price of the Common Stock on the date of the holder's delivery to the Company of a Notice of Redemption at Option of Buyer Upon Triggering Event (as defined below) or, if such date of delivery is not a trading day, the next date on which the exchange or market on which the Common Stock is traded is open (the "**Triggering Event Redemption Price**" and, collectively with the Major Transaction Redemption Price, the "**Redemption Price**").

(c) "Major Transaction". A "**Major Transaction**" shall be deemed to have occurred at such time as any of the following events:

(i) the consolidation, merger or other business combination of the Company with or into another Person (other than a consolidation, merger or other business combination in which holders of the Company's voting power immediately prior to the transaction continue after the transaction to hold, directly or indirectly, the combined voting power of the surviving entity or entities entitled to vote generally for the election of a majority of the members of the board of directors (or their equivalent if other than a corporation) of such entity or entities) (a "**Change of Control Transaction**");

(ii) the sale or transfer of (A) all or substantially all of the Company's assets (including, for the avoidance of doubt, all or substantially all of the assets of the Company and the Subsidiaries in the aggregate), or (B) assets of the Company (including, for the avoidance of doubt, assets of the Company and the Subsidiaries in the aggregate) for consideration in an aggregate amount equal to more than 50% of the Enterprise Value (as defined above) of the Company;

(iii) the consummation of a purchase, tender or exchange offer made to and accepted by the holders of more than 50% of the outstanding shares of Common Stock;

(iv) the acquisition by any Person or "group" (within the meaning of Section 13(d)(3) or 14(d)(2) of the 1934 Act) of the beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of 50% or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors; or

(v) any change in the composition of the board of directors of the Company such that the individuals who, as of the Effective Date, constituted the board of directors of the Company cease for any reason to constitute at least a majority of the board of directors of the Company.

(d) "Triggering Event". A "**Triggering Event**" shall be deemed to have occurred at such time as any of the following events:

(i) A Registration Default (as defined in the Registration Rights Agreement) continues for a period of 10 consecutive trading days (provided, however, that the foregoing shall not constitute a "Triggering Event" so long as the Company is using its reasonable best efforts to cure such Registration Default);

(ii) suspension from quotation or listing or delisting of the Common Stock from the Principal Market for a period of 10 consecutive trading days;

(iii) the Company's failure to deliver Conversion Shares within 15 days of the Conversion Date or the Company's notice to any holder of Preferred Shares, including by way of public announcement, at any time, of its intention not to comply with proper requests for conversion of any Preferred Shares into shares of Common Stock, including due to any of the reasons set forth in Section 4(a) below;

(iv) following the applicable SEC Effective Date or at such time as the Unrestricted Conditions are otherwise met or the 1933 Act Legend (as defined in the Securities Purchase Agreement) is otherwise no longer required under Section 2(f) of this Certificate of Designations and a request for removal has been made by the holder, the Company's failure to deliver, or cause the transfer agent for the Common Stock to deliver, the Preferred Shares or any Conversion Shares (including any certificate or instrument representing any such Preferred Shares or Conversion Shares) without bearing or otherwise being subject to the restrictive legend either (x) in the case of a conversion, within 15 days of the Conversion Date, or (y) otherwise, within 15 days after receipt of the legended Securities;

(v) the Company breaches any representation, warranty, covenant or other term or condition of the Securities Purchase Agreement, the Registration Rights Agreement, the Warrants, this Certificate of Designations or any other agreement, document, certificate or other instrument delivered in connection with the transactions contemplated thereby or hereby, except to the extent that such breach would not have a Material Adverse Effect (as defined in Section 3(a) of the Securities Purchase Agreement) and except, in the case of a breach of a covenant which is curable, only if such breach continues for a period of at least 30 days.

(e) Mechanics of Redemption at Option of Buyer Upon Major Transaction. No later than 20 days prior to the consummation of a Major Transaction, but not prior to the public announcement of such Major Transaction, the Company shall deliver written notice thereof via electronic mail and overnight courier (a "**Notice of Major Transaction**") to each holder of Preferred Shares. At any time during the period beginning after receipt of a Notice of Major Transaction (or, in the event a Notice of Major Transaction is not delivered at least 30 days prior to a Major Transaction, at any time on or after the date which is 30 days prior to a Major Transaction) and ending on the later of (x) five Business Days prior to the consummation of such Major Transaction, and (y) ten trading days following the Company's delivery of a Notice of Major Transaction, any holder of Preferred Shares may require the Company to redeem all or a portion of the holder's Preferred Shares by delivering written notice thereof (a "**Notice of Redemption at Option of Buyer Upon Major Transaction**") to the Company. The Notice of Redemption at Option of Buyer Upon Major Transaction shall indicate (i) the number of Preferred Shares that such holder is submitting for redemption, and (ii) the applicable Major Transaction Redemption Price, as calculated pursuant to Section 3(a). In the event a holder of Preferred Shares delivers to the Company a Notice of Redemption at Option of Buyer Upon Major Transaction, then prior to the consummation of such Major Transaction, the Company shall make arrangements (which may include obtaining a written agreement from the acquiring entity, as applicable, that payment of the Major Transaction Redemption Price shall be made to the holder upon the consummation of the Major Transaction) satisfactory to the holder, as determined by the holder in its sole discretion, that the Major Transaction Redemption Price will be paid, in full, to the holder concurrently with the consummation of such Major Transaction. The Company hereby acknowledges and agrees that each such holder shall have the right to apply for an injunction in any state or federal courts sitting in the State of Delaware to prevent the closing of the Major Transaction unless and until such arrangements satisfactory to the holder have been made.

(f) Mechanics of Redemption at Option of Buyer Upon Triggering Event. Within two Business Days after the occurrence of a Triggering Event, the Company shall deliver written notice thereof via electronic mail and overnight courier (a "**Notice of Triggering Event**") to each holder of Preferred Shares. At any time after the earlier of a holder's receipt of a Notice of Triggering Event and such holder becoming aware of a Triggering Event, any holder of Preferred Shares may require the Company to redeem all or a portion of the holder's Preferred Shares by delivering written notice thereof (a "**Notice of Redemption at Option of Buyer Upon Triggering Event**") to the Company, which Notice of Redemption at Option of Buyer Upon Triggering Event shall indicate (i) the number of Preferred Shares that such holder is submitting for redemption, and (ii) the applicable Triggering Event Redemption Price, as calculated pursuant to Section 3(b).

(g) Payment of Redemption Price. Upon the Company's receipt of a Notice(s) of Redemption at Option of Buyer Upon Triggering Event or a Notice(s) of Redemption at Option of Buyer Upon Major Transaction from any holder of Preferred Shares, the Company shall promptly but in no event later than two Business Days, notify each such holder by electronic mail and facsimile of the Company's receipt of such Notice(s) of Redemption at Option of Buyer Upon Triggering Event or Notice(s) of Redemption at Option of Buyer Upon Major Transaction and each holder which has sent such a notice shall promptly submit, if required by Section (2)(e)(vii), to the Company or its Transfer Agent such holder's Preferred Stock Certificates, if any, which such holder has elected to have redeemed. The Company shall deliver the applicable Triggering Event Redemption Price, in the case of a redemption pursuant to Section 3(f), to such holder within ten (10) Business Days after the Company's receipt of a Notice of Redemption at Option of Buyer Upon Triggering Event and, in the case of a redemption pursuant to Section 3(e), the Company shall deliver the applicable Major Transaction Redemption Price contemporaneously with the consummation of the Major Transaction; provided that, if required by Section 2(e)(vii), a holder's Preferred Stock Certificates shall have been so delivered to the Company; provided further that if the Company is unable to redeem all of the Preferred Shares to be redeemed, the Company shall redeem an amount from each holder of Preferred Shares being redeemed equal to such holder's pro-rata amount (based on the number of Preferred Shares held by such holder relative to the number of Preferred Shares outstanding) of all Preferred Shares being redeemed. If the Company shall fail to redeem all of the Preferred Shares submitted for redemption (other than pursuant to a bona fide dispute as to the arithmetic calculation of the Redemption Price), in addition to any remedy such holder of Preferred Shares may have under this Certificate of Designation, the Securities Purchase Agreement and the Registration Rights Agreement, the applicable Redemption Price payable in respect of such unredeemed Preferred Shares shall bear interest at the rate of 1.25% per month (prorated for partial months) until paid in full. In the event that the Company fails to pay such unpaid applicable Redemption Price in full to a holder of Preferred Shares by the 10th Business Day following delivery of a Notice of Redemption at Option of Buyer Upon Triggering Event or contemporaneously with the consummation of the Major Transaction, such holder shall have the option to, in lieu of redemption, require the Company to promptly return to such holder(s) all of the Preferred Shares that were submitted for redemption by such holder(s) under this Section 3 and for which the applicable Redemption Price has not been paid, by sending written notice thereof to the Company via electronic mail (the "**Void Optional Redemption Notice**"). Upon the Company's receipt of such Void Optional Redemption Notice(s) prior to payment of the full applicable Redemption Price to such holder, (i) the Notice(s) of Redemption

at Option of Buyer Upon Triggering Event or the Notice(s) of Redemption at Option of Buyer Upon Major Transaction, as the case may be, shall be null and void with respect to those Preferred Shares submitted for redemption and for which the applicable Redemption Price has not been paid, (ii) the Company shall immediately return any Preferred Stock Certificates submitted to the Company by each holder for redemption under this Section 3(g) and for which the applicable Redemption Price has not been paid and (iii) the Conversion Price of such returned Preferred Shares shall be adjusted to the lesser of (A) the Conversion Price as in effect on the date on which the Void Optional Redemption Notice(s) is delivered to the Company and (B) the lowest Weighted Average Price for the Common Stock during the period beginning on the date on which the Notice(s) of Redemption of Option of Buyer Upon Major Transaction or the Notice(s) of Redemption at Option of Buyer Upon Triggering Event, as the case may be, was delivered to the Company and ending on the date on which the Void Optional Redemption Notice(s) was delivered to the Company; provided that no adjustment shall be made if such adjustment would result in an increase of the Conversion Price then in effect. Notwithstanding the foregoing, in the event of a bona fide dispute as to the determination of the Weighted Average Price or the arithmetic calculation of the Redemption Price, such dispute shall be resolved pursuant to Section 2(e)(iii) above with the term "Redemption Price" being substituted for the term "Conversion Rate." A holder's delivery of a Void Optional Redemption Notice and exercise of its rights following such notice shall not effect the Company's obligations to make any payments which have accrued prior to the date of such notice.

(4) Redemption at the Company's Election Upon Change of Control.

(a) Redemption. At any time or times on or after the date the Company publicly discloses a Change of Control Transaction, the Company shall have the right, in its sole discretion, to require that all, but not less than all, of the outstanding Preferred Shares be redeemed (**"Redemption at Company's Election"**) at a price per Preferred Share equal to the greater of (i) the Liquidation Preference, and (ii) the product of (A) the Conversion Rate at such time, multiplied by (B) either (x) in the event of a Change of Control Transaction in which all of the outstanding Shares are exchanged for, or converted into the right to receive, consideration consisting solely of cash, then the consideration per Share payable in such Change of Control Transaction, or (y) otherwise, the Weighted Average Price of the Common Stock on the date immediately preceding the closing of the Change of Control Transaction (the **"Change of Control Redemption Price"**); provided that the Conditions to Redemption at the Company's Election (as set forth below) are satisfied. The Company shall exercise its right to Redemption at Company's Election by providing each holder of Preferred Shares written notice (**"Notice of Redemption at Company's Election"**) after the public disclosure of a Change of Control Transaction and at least 30 trading days prior to the date of consummation of the Change of Control Transaction ("**Company's Election Redemption Date**"). The Notice of Redemption at Company's Election shall indicate the anticipated Company's Election Redemption Date. If the Company has exercised its right of Redemption at Company's Election and the conditions to such Redemption at Company's Election have been satisfied, then all Preferred Shares outstanding at the time of the consummation of the Change of Control Transaction shall be redeemed as of the Company's Election Redemption Date by payment by the Company to each holder of Preferred Shares of the Change of Control Redemption Price concurrent with the closing of the Change of Control Transaction. All holders of Preferred Shares shall thereupon and within five Business Days after the Company's Election Redemption Date, or such earlier

date as the Company and each holder of Preferred Shares mutually agree, surrender all outstanding Preferred Stock Certificates, if any, duly endorsed for cancellation, to the Company. In the event the Company delivers a Notice of Redemption at Company's Election, then prior to the consummation of such Change of Control Transaction, the Company shall make arrangements (which may include obtaining a written agreement from the acquiring entity, as applicable, that payment of the Change of Control Redemption Price shall be made to the holder upon the consummation of the Change of Control Transaction) satisfactory to the holder, as determined by the holder in its sole discretion, that the Change of Control Redemption Price will be paid, in full, to the holder concurrently with the consummation of such Change of Control Transaction. The Company hereby acknowledges and agrees that each such holder shall have the right to apply for an injunction in any state or federal courts sitting in the State of Delaware to prevent the closing of the Change of Control unless and until such arrangements satisfactory to the holder have been made. If the Company fails to pay the full Change of Control Redemption Price with respect to any Preferred Shares concurrently with the closing of the Change of Control Transaction, then the Redemption at Company's Election shall be null and void with respect to such Preferred Shares and the holder of such Preferred Shares shall be entitled to all the rights of a holder of outstanding Preferred Shares set forth in this Certificate of Designations. Notwithstanding the foregoing, in the event of a bona fide dispute as to the determination of the Weighted Average Price or the arithmetic calculation of the Change of Control Redemption Price, such dispute shall be resolved pursuant to Section 2(e)(iii) above with the term "Change of Control Redemption Price" being substituted for the term "Conversion Rate." "**Conditions to Redemption at the Company's Election**" means the following conditions: (1) on each day during the period beginning 60 trading days prior to the date of the Company's Election Redemption Date and ending on and including the Company's Election Redemption Date, the Common Stock shall have been listed or quoted, as applicable, on the Principal Market and shall not have been suspended from trading; (2) during the period beginning on the Issuance Date and ending on and including the Company's Election Redemption Date, the Company shall have delivered Conversion Shares upon conversion of the Preferred Shares to the holders of the Preferred Shares (without bearing or otherwise being subject to the 1933 Act Legend) on a timely basis as set forth in Sections 2(e)(ii) and Section 2(f) hereof; and (3) there has not been any Triggering Event and the Company has otherwise satisfied its obligations and is not in default under this Certificate of Designations, the Securities Purchase Agreement, the Warrants and the Registration Rights Agreement. Notwithstanding the above, any holder of Preferred Shares may convert such shares (including Preferred Shares selected for redemption) into Common Stock pursuant to Section 2(a) on or prior to the date immediately preceding the Company's Election Redemption Date.

(b) Company Must Have Immediately Available Funds. The Company shall not be entitled to send any Notice of Redemption at Company's Election pursuant to Section 4(a) above and begin the redemption procedure thereunder unless it has, or will have upon consummation of the Change of Control Transaction, the full amount of the Change of Control Redemption Price in cash, available in a demand or other immediately available account in a bank or similar financial institution.

(5) [Reserved]

(6) Redemption Price Payable Out of Cash Legally Available therefor; Priority of Payment. Notwithstanding anything herein to the contrary, any redemption of Preferred Shares pursuant to the terms of this Certificate of Designations (any such redemption, a "**Redemption**") shall be payable out of any cash legally available therefor. At the time of any Redemption, the Company shall take all actions required or permitted under Delaware law to permit the Redemption and to make funds legally available for such Redemption. To the extent that the Company has insufficient funds to redeem all of the Preferred Shares subject to such Redemption upon the Redemption, the Company shall use available funds to redeem a pro rata portion of each holder's Preferred Shares subject to such Redemption, to the extent permissible under Delaware law. Any payments provided for in Section 3 or Section 4 in connection with a Redemption shall have priority to payments to holders of Common Stock or any other class of capital stock of the Company (other than the holders of Preferred Shares) in connection with a Major Transaction or Change of Control Transaction, as applicable, and, the Company shall not (and shall cause the acquiring entity in an Organic Change to not) make any payment to any holder of Common Stock or any other class of capital stock of the Company (other than the holders of Preferred Shares) unless and until the Company (or such acquiring entity, as applicable) has satisfied all of the Company's obligations hereunder with respect to any Redemption as to which a Notice of Redemption at Option of Buyer Upon Major Transaction or Notice of Redemption at Company's Election, as applicable, has been delivered prior to the consummation of such Major Transaction or Change of Control Transaction, as applicable.

(7) Reissuance of Certificates. Subject to Section 2(e)(vii), in the event of a conversion or redemption pursuant to this Certificate of Designations of less than all of the Preferred Shares represented by a particular Preferred Stock Certificate, the Company shall promptly cause to be issued and delivered to the holder of such Preferred Shares a preferred stock certificate representing the remaining Preferred Shares which have not been so converted or redeemed.

(8) Reservation of Shares. The Company shall, so long as any of the Preferred Shares are outstanding, reserve and keep available out of its authorized and unissued Common Stock, solely for the purpose of effecting the conversion of the Preferred Shares, such number of shares of Common Stock as shall from time to time be sufficient to effect the conversion of all of the Preferred Shares then outstanding (without regard to any limitations on conversions); provided that the number of shares of Common Stock so reserved shall at no time be less than 100% of the number of shares of Common Stock for which the Preferred Shares are at any time convertible. The number of shares of Common Stock reserved for conversions of the Preferred Shares shall be allocated pro rata among the holders of the Preferred Shares based on the number of Preferred Shares held by each holder. In the event a holder shall sell or otherwise transfer any of such holder's Preferred Shares, each transferee shall be allocated a pro rata portion of the number of reserved shares of Common Stock reserved for such transferor. Any shares of Common Stock reserved and which remain allocated to any person or entity which does not hold any Preferred Shares shall be allocated to the remaining holders of Preferred Shares, pro rata based on the number of Preferred Shares then held by such holder.

(9) Voting Rights. The holders of Preferred Shares shall be entitled to notice of all stockholder meetings at which holders of Common Stock shall be entitled to vote. Each holder of Preferred Shares shall be entitled to vote such Preferred Shares on an as-converted

basis (based upon the aggregate number of Conversion Shares into which such holder's Preferred Shares are then convertible, giving effect to any limitations on conversion set forth in Section 2(a) above) with respect to all matters on which holders of Common Stock are entitled to vote and shall otherwise be entitled to such voting rights as required by applicable law.

(10) Liquidation, Dissolution, Winding-Up. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of the Preferred Shares shall be entitled to receive in cash out of the assets of the Company, whether from capital or from earnings available for distribution to its stockholders (the "**Preferred Funds**"), before any amount shall be paid to the holders of any of the capital stock of the Company of any class junior in rank to the Preferred Shares in respect of the preferences as to the distributions and payments on the liquidation, dissolution and winding up of the Company, an amount per Preferred Share equal to the Liquidation Preference; provided that, if the Preferred Funds are insufficient to pay the full amount due to the holders of Preferred Shares and holders of Pari Passu Shares, then each holder of Preferred Shares and Pari Passu Shares shall receive a percentage of the Preferred Funds equal to the full amount of Preferred Funds payable to such holder as a liquidation preference, in accordance with their respective Certificate of Designations, Preferences and Rights, as a percentage of the full amount of Preferred Funds payable to all holders of Preferred Shares and Pari Passu Shares. Thereafter, the holders of the Preferred Shares shall share ratably in any distributions and payments of any remaining assets of the Company, on an as-converted basis (without giving effect to any limitations on conversion set forth in this Certificate of Designations), with the holders of Common Stock. The purchase or redemption by the Company of stock of any class, in any manner permitted by law, shall not, for the purposes hereof, be regarded as a liquidation, dissolution or winding up of the Company. Neither the consolidation or merger of the Company with or into any other Person, nor the sale or transfer by the Company of all or substantially all of its assets, shall, for the purposes hereof, be deemed to be a liquidation, dissolution or winding up of the Company.

(11) Preferred Rank; Participation. All Preferred Shares rank senior to the Common Stock in respect to the preferences as to distributions and payments upon the liquidation, dissolution and winding up of the Company. The rights of the shares of Common Stock shall be subject to the preferences and relative rights of the Preferred Shares. Beginning on the Closing Date and ending on the date that is sixty-one (61) months after the Closing Date, so long as at eight thousand (8,000) of the Preferred Shares issued on the Closing Date remain outstanding, without the prior express written consent of the holders of not less than a majority of the then outstanding Preferred Shares, the Company shall not authorize or issue additional or other capital stock that is of rank senior to or *pari passu* with the Preferred Shares in respect of the preferences as to dividends or distributions or payments upon the liquidation, dissolution or winding up of the Company. Without the prior express written consent of the holders of not less than a majority of the then outstanding Preferred Shares, the Company shall not hereafter (i) authorize or make any amendment to the Company's Amended and Restated Certificate of Incorporation or bylaws, or (ii) file any resolution of the Board of Directors of the Company with the Secretary of State of the State of Delaware, in the case of (i) or (ii) containing any provisions which would adversely affect or otherwise impair the rights or relative priority of the holders of the Preferred Shares relative to the holders of the Common Stock or the holders of any other class of capital stock of the Company. Except to the extent adequate provision is made for, as determined by the holders of not less than a majority of the then outstanding Preferred Shares, as

expressly provided elsewhere in this Certificate of Designations, in the event of the merger or consolidation of the Company with or into another corporation, the Preferred Shares shall maintain their relative powers, designations and preferences provided for herein.

(12) Restriction on Redemption and Cash Dividends with respect to Other Capital Stock. Until all of the Preferred Shares have been converted or redeemed as provided herein, the Company shall not, directly or indirectly, redeem, or declare or pay any cash dividend or distribution on, its Common Stock without the prior express written consent of the holders of not less than a majority of the then outstanding Preferred Shares; provided that the foregoing shall not limit the right of the Company to effectuate (i) any "net issuance" or "net settlement" features in any convertible security outstanding as of the date hereof and set forth on Schedule 3.c to the Securities Purchase Agreement, so long as such security is not amended or otherwise modified after the date hereof, (ii) any cashless exercise provision or to satisfy any tax withholding right upon the exercise of any options or the vesting of any equity awards issued pursuant to an Approved Stock Plan or (iii) so long as such transaction is approved by the Board of Directors of the Company following the Closing Date, a single transaction or series of related transactions, involving one of the Company's existing investors that beneficially owns not less than an aggregate of 1,000,000 shares of Common Stock as of the date of the Securities Purchase Agreement, to close within ninety (90) days of the Closing Date, provided that the Company shall not have any net cash outflows in connection with such transaction, or series of related transactions.

(13) Vote to Change the Terms of or Issue Preferred Shares; Amendment. The affirmative vote at a meeting duly called for such purpose or the written consent without a meeting, of the holders of not less than a majority of the then outstanding Preferred Shares, shall be required for (a) any change to this Certificate of Designations or the Company's Amended and Restated Certificate of Incorporation which would amend, alter, change, repeal or otherwise affect any of the powers, designations, preferences and rights of the Preferred Shares, or (b) any issuance of Preferred Shares other than pursuant to the Securities Purchase Agreement. No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification or supplement of any provision of this Certificate of Designations unless the same consideration also is offered to all of the holders of the Preferred Shares. For clarification purposes, this provision constitutes a separate right granted to each holder of Preferred Shares and is not intended for the Company to treat such holders as a class and shall not be construed in any way as such holders acting in concert or otherwise as a group with respect to the purchase, disposition or voting of securities or otherwise.

(14) [Reserved]

(15) Lost or Stolen Certificates. Upon receipt by the Company of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of any Preferred Stock Certificates representing the Preferred Shares, and, in the case of loss, theft or destruction, of an indemnification undertaking by the holder to the Company and, in the case of mutilation, upon surrender and cancellation of the Preferred Stock Certificate(s), the Company shall execute and deliver new preferred stock certificate(s) of like tenor and date; provided, however, the Company shall not be obligated to re-issue preferred stock certificates if the holder contemporaneously requests the Company to convert the Preferred Shares represented thereby into Common Stock.

(16) Remedies, Characterizations, Other Obligations, Breaches and Injunctive Relief. The remedies provided in this Certificate of Designations shall be cumulative and in addition to all other remedies available under this Certificate of Designations, at law or in equity (including a decree of specific performance and/or other injunctive relief), no remedy contained herein shall be deemed a waiver of compliance with the provisions giving rise to such remedy and nothing herein shall limit a holder's right to pursue actual damages for any failure by the Company to comply with the terms of this Certificate of Designations. The Company covenants to each holder of Preferred Shares that there shall be no characterization concerning this instrument other than as expressly described herein. Amounts set forth or provided for herein with respect to payments, conversion and the like (and the computation thereof) shall be the amounts to be received by the holder thereof and shall not, except as expressly provided herein, be subject to any other obligation of the Company (or the performance thereof). The Company acknowledges that a breach by it of its obligations hereunder may cause irreparable harm to the holders of the Preferred Shares by vitiating the intent and purpose of the transactions contemplated by this Certificate of Designations and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach by the Company of the provisions of this Certificate of Designations, the holders of the Preferred Shares shall be entitled, in addition to all other available remedies, to an injunctive order and/or injunction restraining any breach and requiring immediate compliance, without the necessity of showing economic loss and without any bond or other security being required.

(17) Payment Set Aside. To the extent that the Company or any of the Subsidiaries makes a payment or payments to the holders of Preferred Shares hereunder or such holders enforce or exercise their rights hereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company or such Subsidiary, by a trustee, receiver or any other Person under any law (including any bankruptcy law, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

(18) Specific Shall Not Limit General; Construction. No specific provision contained in this Certificate of Designations shall limit or modify any more general provision contained herein. This Certificate of Designations shall be deemed to be jointly drafted by the Company and all holders of Preferred Shares and shall not be construed against any person as the drafter hereof.

(19) Failure or Indulgence Not Waiver. No failure or delay on the part of a holder of Preferred Shares in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

(20) Notice. Whenever notice is required to be given, it shall be given in accordance with Section 9.f of the Securities Purchase Agreement.

* * * * * *

IN WITNESS WHEREOF, the Company has caused this Certificate of Designations to be signed by , its , as of September , 2016.

STEREOTAXIS, INC.

By: _____
Name: _____
Title: _____

EXHIBIT I

STEREOTAXIS, INC.
CONVERSION NOTICE

Reference is made to the Certificate of Designations, Preferences and Rights of Series A Convertible Preferred Stock (the "**Certificate of Designations"**). In accordance with and pursuant to the Certificate of Designations, the undersigned hereby elects to convert the number of shares of Series A Convertible Preferred Stock, with a stated value of $1,000 per share (the "**Preferred Shares**"), of Stereotaxis, Inc., a Delaware corporation (the "**Company**"), indicated below into shares of common stock, par value $0.001 per share (the "**Common Stock**"), of the Company, by tendering the stock certificate(s) representing the Preferred Shares specified below as of the date specified below.

Date of Conversion: _____

Number of Preferred Shares to be converted: _____

Stock certificate no(s). of Preferred Shares to be converted: _____

Please confirm the following information:

Conversion Price: _____

Number of shares of Common Stock to be issued: _____

Please issue the shares of Common Stock in accordance with the terms of the Certificate of Designations as follows:

☐ Deposit/Withdrawal At Custodian (DWAC) system; or

☐ Physical Certificate; or

☐ Direct Registration System (DRS)

Issue to: _____

Address (for delivery of physical certificate or DRS statement, as applicable): _____

_____

Facsimile Number: _____

DTC Participant Number and Name (if through DWAC): _____

Account Number (if through DWAC): _____

ACKNOWLEDGMENT

The Company hereby acknowledges this Conversion Notice and hereby directs to issue the above indicated number of shares of Common Stock in accordance with the Transfer Agent Instructions dated , 2016 from the Company and acknowledged and agreed to by .

STEREOTAXIS, INC.

By: _____
Name: _____
Title: _____

Exhibit D

IRREVOCABLE TRANSFER AGENT INSTRUCTIONS

STEREOTAXIS, INC.

September [●] , 2016

Broadridge Corporate Issuer Solutions, Inc.
51 Mercedes Way
Edgewood, NY 11717
Attention: [ ]

Ladies and Gentlemen:

Reference is made to that certain Securities Purchase Agreement, dated as of September 26, 2016 (the "**Securities Purchase Agreement**"), by and among Stereotaxis, Inc., a Delaware corporation (the "**Company**"), and the investors listed on the Schedule of Buyers attached thereto (individually, a "**Buyer**" and collectively, the "**Buyers**" and, together with the successors and any assigns of the Warrants or the Preferred Shares (as defined below), the "**Holders**"). Pursuant to the Securities Purchase Agreement, the Company issued (i) an aggregate of 24,000 shares (the "**Preferred Shares**") of Series A Convertible Preferred Stock of the Company (the "**Preferred Stock**"), which Preferred Stock is convertible into shares of the Company's common stock, par value $0.001 per share (the "**Common Stock**"; the shares of Common Stock issuable upon conversion of the Preferred Shares being referred to as the "**Conversion Shares**"), and (ii) warrants to purchase an aggregate of 36,923,077 shares of Common Stock (as the same may be amended, restated, modified or supplemented and in effect from time to time, the "**Warrants**"; the shares of Common Stock issuable upon exercise of the Warrants being referred to as the "**Warrant Shares**").

This letter shall serve as our irrevocable (unless otherwise agreed to by all of the Holders) authorization and direction to you (provided that you are the transfer agent of the Company at such time) to issue shares of Common Stock upon conversion of Preferred Shares or exercise of a Warrant to, or upon the order of, the Holder thereof from time to time upon delivery to you of a properly completed and duly executed Conversion Notice in the form attached as Exhibit I or Exercise Notice in the form attached hereto as Exhibit II (as applicable), which has been acknowledged by the Company as indicated by the signature of an authorized officer of the Company thereon.

You acknowledge and agree that so long as (A) you have previously received written confirmation (a "**Certification**") from outside legal counsel of the Company that either (i) a registration statement covering resales of the Conversion Shares or Warrant Shares (as applicable) has been declared effective by the Securities and Exchange Commission (the "**SEC**") under the Securities Act of 1933, as amended (the "**1933 Act**"), together with a copy of such registration statement, or (ii) sales of the Conversion Shares or the Warrant Shares (as applicable) may be made without registration in accordance with Rule 144 under the 1933 Act without compliance with Rule 144(e) or Rule 144(f), or (B) either (x) the Warrant is being exercised pursuant to a "Cashless Exercise," as specified in the

Exercise Notice and the date of such exercise, or (y) the date of the conversion, as applicable, is six (6) months or more after the date of this letter, you shall, at the direction of the Holder of the applicable Preferred Shares being converted in accordance with the Conversion Notice or the Holder of the applicable Warrant being exercised in accordance with the Exercise Notice, issue such Conversion Shares or the Warrant Shares, as applicable, in the manner specified in such Conversion Notice or Exercise Notice, as applicable, without bearing or otherwise being subject to any legend restricting transfer thereof; provided, however, that if you do not receive a Certification with respect to such Conversion Shares or Warrant Shares or such Conversion Shares or Warrant Shares are not registered for resale under the 1933 Act, then such Conversion Shares or Warrant Shares, as the case may be, shall bear the following legend:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS OR (B) AN OPINION OF COUNSEL, IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR APPLICABLE STATE SECURITIES LAWS OR (II) UNLESS SOLD PURSUANT TO RULE 144 UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

If you resign as the transfer agent of the Company during the term of this agreement, the Company shall provide notice of such resignation to the Holders at least ten (10) business days prior to the effective date of such resignation and the Company shall within five (5) business days of such notice to the Holders obtain a suitable replacement transfer agent that will agree to be bound by the terms and conditions of these Irrevocable Transfer Agent Instructions.

Please be advised that the Buyers are relying upon this letter as an inducement to enter into the Securities Purchase Agreement and, accordingly, each Holder is a third-party beneficiary to these instructions.

Please execute this letter in the space indicated to acknowledge your agreement to act in accordance with these instructions. Should you have any questions concerning this matter, please contact me at [●].

Very truly yours,

STEREOTAXIS, INC.

By: _____
Name:
Title:

THE FOREGOING INSTRUCTIONS ARE ACKNOWLEDGED AND AGREED TO this day , 2016

BROADRIDGE CORPORATE ISSUER SOLUTIONS, INC.

By: _____

Name: _____

Title: _____

EXHIBIT I

STEREOTAXIS, INC.
CONVERSION NOTICE

Reference is made to the Certificate of Designations, Preferences and Rights of Series A Convertible Preferred Stock (the "**Certificate of Designations**"). In accordance with and pursuant to the Certificate of Designations, the undersigned hereby elects to convert the number of shares of Series A Convertible Preferred Stock, with a stated value of $1,000 per share (the "**Preferred Shares**"), of Stereotaxis, Inc., a Delaware corporation (the "**Company**"), indicated below into shares of common stock, par value $0.001 per share (the "**Common Stock**"), of the Company, by tendering the stock certificate(s) representing the Preferred Shares specified below as of the date specified below.

Date of Conversion: _____

Number of Preferred Shares to be converted: _____

Stock certificate no(s). of Preferred Shares to be converted: _____

Please confirm the following information:

Conversion Price: _____

Number of shares of Common Stock to be issued: _____

Please issue the shares of Common Stock in accordance with the terms of the Certificate of Designations as follows:

☐ Deposit/Withdrawal At Custodian (DWAC) system; or

☐ Physical Certificate; or

☐ Direct Registration System (DRS)

Issue to: _____

Address (for delivery of physical certificate or DRS statement, as applicable): _____

_____

Facsimile Number: _____

DTC Participant Number and Name (if through DWAC): _____

Account Number (if through DWAC): _____

ACKNOWLEDGMENT

The Company hereby acknowledges this Conversion Notice and hereby directs [TRANSFER AGENT] to issue the above indicated number of shares of Common Stock in accordance with the Transfer Agent Instructions dated , 2016 from the Company and acknowledged and agreed to by [TRANSFER AGENT].

STEREOTAXIS, INC.

By: _____

Name: _____

Title: _____

EXHIBIT II

EXERCISE NOTICE

TO BE EXECUTED BY THE REGISTERED HOLDER TO EXERCISE THIS WARRANT

STEREOTAXIS, INC.

The undersigned Holder hereby exercises the right to purchase of the Common Shares ("**Warrant Shares**") of Stereotaxis, Inc., a Delaware corporation (the "**Company**"), evidenced by the attached Warrant (the "**Warrant**"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Form of Warrant Exercise Price. The Holder intends that payment of the Warrant Exercise Price shall be made as:

_____ a "**Cash Exercise**" with respect to Warrant Shares; and/or

_____ a "**Cashless Exercise**" with respect to Warrant Shares

2. Payment of Warrant Exercise Price. In the event that the Holder has elected a Cash Exercise with respect to some or all of the Warrant Shares to be issued pursuant hereto, the Holder shall pay the Aggregate Exercise Price in the sum of $ to the Company in accordance with the terms of the Warrant.

3. Exercise Trigger Transaction. This exercise of the Warrant is conditioned upon the consummation of the following Exercise Trigger Transaction:[1]

4. Delivery of Warrant Shares. The Company shall issue Warrant Shares in accordance with the terms of the Warrant as follows:

☐ Deposit/Withdrawal At Custodian (DWAC) system; or

☐ Physical Certificate; or

☐ Direct Registration System (DRS)

Issue to: _____

Address (for delivery of physical certificate or DRS statement, as applicable): _____

_____

Facsimile Number: _____

DTC Participant Number and Name (if through DWAC): _____

Account Number (if through DWAC): _____

Date: _____,

1 No such condition applies if left blank

Name of Registered Holder

_____

Name:
Title:

ACKNOWLEDGMENT

The Company hereby acknowledges this Exercise Notice and hereby directs [TRANSFER AGENT] to issue the above indicated number of shares of Common Stock in accordance with the Transfer Agent Instructions dated , 2016 from the Company and acknowledged and agreed to by [TRANSFER AGENT].

STEREOTAXIS, INC.

By: _____

Name: _____

Title: _____

Exhibit E

Stereotaxis, Inc.

Form of Company Opinion
Securities Purchase Agreement

*Capitalized terms used and not defined herein have the respective meanings assigned to such terms in the Securities Purchase Agreement (the "**Purchase Agreement**")*

1. Based solely on a recently dated good standing certificate from the Delaware Secretary of State, Stereotaxis, Inc. (the "**Company**") is validly existing as a corporation and in good standing under the laws of the State of Delaware. The Company has the requisite corporate power to own, lease and operate its properties and to conduct its business in all material respects as set forth in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015. Based solely on recently dated good standing certificates from the Secretaries of State of the applicable jurisdictions, the Company is duly qualified or admitted to transact business and is in good standing as a foreign corporation in the jurisdictions set forth on Appendix I attached hereto.

2. The Company has the requisite corporate power and authority to enter into and perform its obligations under the Transaction Documents and the Certificate of Designations. The Company has the requisite corporate power and authority to issue the Securities in accordance with the terms of the Purchase Agreement and of the other Transaction Documents and the Certificate of Designations. The filing of the Certificate of Designations and the execution and delivery of the Transaction Documents and the Certificate of Designations by the Company and the consummation by the Company of the transactions contemplated thereby, including the issuance of the Preferred Shares and the Warrants and the reservation for issuance and the issuance of the Conversion Shares and Warrant Shares issuable upon conversion or exercise thereof, as applicable, have been duly authorized by the Company Board and no further consent or authorization is required by the Company Board or the Company's stockholders. The Transaction Documents have been duly executed and delivered by the Company and the Certificate of Designations has been duly executed and properly filed by the Company with the Secretary of State of the State of Delaware in accordance with the Delaware General Corporation Law (the "**DGCL**") and has become effective under the DGCL. The Transaction Documents and the Certificate of Designations constitute the valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as may be limited by bankruptcy, insolvency, fraudulent conveyance or similar laws affecting creditors' rights generally and general principles of equity.

3. The Preferred Shares have been duly authorized by all necessary corporate action. When issued in accordance with the terms of the Purchase Agreement, (i) the Preferred Shares will be validly issued, fully paid and non-assessable, and will be free from all taxes and Liens

with respect to the issuance thereof and (ii) the holders thereof will be entitled to the rights set forth in the Certificate of Designations. The Warrants have been duly authorized by all necessary corporate action. When issued in accordance with the terms of the Purchase Agreement, (x) the Warrants will be free from all taxes and Liens with respect to the issuance thereof and (y) the holders thereof will be entitled to the rights set forth in the Warrants. Upon conversion in accordance with the Certificate of Designations and upon exercise in accordance with the Warrants, as the case may be, the Conversion Shares and the Warrant Shares will be validly issued, fully paid and nonassessable and free from all taxes and Liens with respect to the issue thereof, with the holders being entitled to all rights accorded to a holder of Common Stock.

4. As of the date hereof, the authorized capital stock of the Company consists of (i) 300,000,000 shares of Common Stock, and (ii) 10,000,000 shares of preferred stock, $0.001 par value, of which 24,000 shares are designated as Series A Convertible Preferred Stock and no shares of such preferred stock are issued and outstanding. All of such outstanding or issuable shares have been, or upon issuance will be, validly issued and are, or upon issuance will be, fully paid and nonassessable. An aggregate of 100,000,000 shares of Common Stock have been duly authorized and reserved for issuance upon conversion of the Preferred Shares and upon exercise of the Warrants.

5. Subject to the accuracy as to factual matters of Buyers' representations in Section 2 of the Purchase Agreement, the Securities may be issued to the Buyers pursuant to the Purchase Agreement without registration under the Securities Act or the securities laws of any state.

6. Except for the filings and listings contemplated by the Registration Rights Agreement and the filings described in Section 4.i and Schedule 3.e of the Purchase Agreement, the Company is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court or governmental authority or agency or any regulatory or self-regulatory agency in order for it to execute, deliver or perform any of its obligations under, or consummate any of the transactions contemplated by, any of the Transaction Documents or the Certificate of Designations in accordance with the terms thereof.

7. To the knowledge of the Company, there is no action, suit, claim, proceeding, inquiry or investigation before or by any court, public board or body or any governmental authority or self-regulatory organization pending or threatened against or affecting the Company or any of the properties of the Company that restricts the ability of the Company to execute, deliver or perform any of its obligations under, or otherwise consummate any of the transactions contemplated by, the Transaction Documents or the Certificate of Designations in accordance with the terms thereof.

8. The execution and delivery of the Transaction Documents and the Refinancing Transaction Documents by the Company and, to the extent applicable, the Subsidiaries, the performance by such parties of their obligations thereunder and under the Certificate of Designations and the consummation by such parties of the transactions contemplated thereby (including the reservation for issuance and issuance of the Conversion Shares and the Warrant

Shares) will not (A) result in a violation of the Certificate of Incorporation, the Certificate of Designations or the Bylaws; (B) conflict with, or constitute a breach or default (or an event which, with the giving of notice or lapse of time or both, constitutes or would constitute a breach or default) under, or give to others any right of termination, amendment, acceleration or cancellation of, or other remedy with respect to, any material agreement, indenture or instrument to which the Company or any of the Subsidiaries is a party; or (C) result in a violation of any (i) federal or Delaware State or Missouri state law, rule, or regulation, or (ii) to our knowledge, any order, judgment or decree (including federal and state securities laws and regulations), in each case applicable to the Company or any of the Subsidiaries or by which any property or asset of the Company or any of the Subsidiaries is bound or affected. For purposes of the foregoing, we have assumed that the only material agreements, indentures or instruments to which the Company or any of the Subsidiaries is a party are those listed as exhibits to the Company's most recent Annual Report on Form 10-K, to the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016, or to any Current Report on Form 8-K filed by the Company since the beginning of its current fiscal year.

9. The Company is not an "investment company," or a company controlled by an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended.

Exhibit 10.2

EXECUTION VERSION

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT (this "**Agreement**"), dated as of September 26, 2016, by and among Stereotaxis, Inc., a Delaware corporation, with principal office located at 4320 Forest Park Avenue, Suite 100, St. Louis, MO 63108 (the "**Company**"), and the undersigned buyers (each, a "**Buyer**" and, collectively, the "**Buyers**").

WHEREAS:

A. In connection with the Securities Purchase Agreement by and among the parties hereto of even date herewith (the "**Securities Purchase Agreement**"), the Company has agreed, upon the terms and subject to the conditions of the Securities Purchase Agreement, to issue and sell to the Buyers at the Closing (as defined in the Securities Purchase Agreement) (i) an aggregate of 24,000 shares (the "**Preferred Shares**") of a newly created series of preferred stock, with a stated value of $1,000 per share (the "**Preferred Stock**"), designated Series A Convertible Preferred Stock, which shall be convertible into shares of the Company's common stock, par value $0.001 per share (the "**Common Stock**"; the shares of Common Stock issuable upon conversion of the Preferred Shares referred to as the "**Conversion Shares**"), in accordance with the terms of the Company's Certificate of Designations, Preferences and Rights of the Series A Convertible Preferred Stock (as the same may be amended, restated, modified or supplemented and in effect from time to time, the "**Certificate of Designations**"), and (ii) warrants to purchase an aggregate of 36,923,077 shares of Common Stock (as the same may be amended, restated, modified or supplemented and in effect from time to time, the "**Warrants**"; the shares of Common Stock issuable upon exercise of the Warrants being referred to as the "**Warrant Shares**").

B. To induce the Buyers to execute and deliver the Securities Purchase Agreement, contemporaneously with the execution of the Securities Purchase Agreement, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, or any similar successor statutes, and the rules and regulations thereunder (collectively, the "**1933 Act**").

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and each of the Buyers hereby agree as follows:

1. DEFINITIONS.

As used in this Agreement, the following terms shall have the following meanings:

a. **"1934 Act"** means, collectively, the Securities and Exchange Act of 1934, as amended, and the rules and regulations thereunder, or any similar successor statutes.

b. **"Business Day"** means any day other than Saturday, Sunday or any other day on which commercial banks in the City of New York are authorized or required by law to remain closed.

c. **"Cutback Effectiveness Date"** means the date a Cutback Registration Statement is declared effective by the SEC.

d. **"Cutback Filing Deadline"** means, if Cutback Shares are required to be included in a Cutback Registration Statement, the date that is the earlier of (i) the later of (A) six (6) months from the Initial Effectiveness Date or the then-most recent Cutback Effectiveness Date, as applicable, and (B) sixty (60) days after the Company has been informed that substantially all of the Registrable Securities held by the Investors included in any Registration Statements previously declared effective hereunder have been sold in accordance therewith, or (ii) the first date on which the Company is then permitted by the SEC to register such Cutback Shares.

e. **"Cutback Registrable Securities"** means, (i) any Cutback Shares not previously included in a Registration Statement, and (ii) any shares of capital stock of the Company issued or issuable with respect to such Cutback Shares, as applicable, as a result of any stock split, stock dividend, recapitalization, exchange or similar event or otherwise, without regard to any limitations on the conversion of the Preferred Shares or on exercise of the Warrants; provided, however, that any Cutback Registrable Securities shall cease to be Cutback Registrable Securities when (x) a Registration Statement with respect to the sale of such securities has become effective under the 1933 Act and such securities are disposed of in accordance with such Registration Statement, (y) such securities are sold in accordance with Rule 144, or (z) all of such securities are eligible to be sold by the holder thereof pursuant to Rule 144 without limitation, restriction or condition (including any current public information requirement) thereunder.

f. **"Cutback Registration Statement"** means a registration statement or registration statements of the Company filed under the 1933 Act covering any Cutback Registrable Securities (which shall include, at any particular time, each document incorporated or deemed to be incorporated by reference therein).

g. **"Cutback Required Registration Amount"** means the lesser of (i) any Cutback Shares not previously included in a Registration Statement, and (ii) such number of Registrable Securities as the Company is then permitted by the SEC to register pursuant to Rule 415.

h. **"Cutback Shares"** means, at any time on or after the Initial Effectiveness Date, any of the Registrable Securities not included in all Registration Statements previously declared effective hereunder as a result of a limitation on the maximum number of shares of Common Stock permitted by the SEC to be registered pursuant to Rule 415.

i. **"Effectiveness Date"** means the Initial Effectiveness Date or a Cutback Effectiveness Date, as applicable.

j. **"Effectiveness Deadline"** means the Initial Effectiveness Deadline, a Cutback Effectiveness Deadline or a Subsequent Effectiveness Deadline, as applicable.

k. **"Filing Deadline"** means the Initial Filing Deadline, a Cutback Filing Deadline or a Subsequent Filing Deadline, as applicable.

l. "**Governmental Authority**" means the government of the United States of America or the government of any other nation, or any political subdivision thereof, whether state, provincial or local, or any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administration powers or functions of or pertaining to government over the Company or any of its subsidiaries, or any of their respective properties, assets or undertakings.

m. **"Initial Effectiveness Date"** means the date the Initial Registration Statement is declared effective by the SEC.

n. **"Initial Effectiveness Deadline"** means the date that is 120 days after the Closing Date, or such later date as requested by the Company and agreed to in writing by the Required Holders.

o. **"Initial Filing Date"** means the date on which the Initial Registration Statement is filed with the SEC.

p. **"Initial Filing Deadline"** means the date that is forty-five (45) days after the Closing Date.

q. **"Initial Registration Statement"** means a Registration Statement or Registration Statements filed under the 1933 Act pursuant to Section 2(a) hereof covering the Registrable Securities (which shall include, at any particular time, each document incorporated or deemed to be incorporated by reference therein).

r. **"Initial Required Registration Amount"** means the lesser of (i) 100% of the Registrable Securities as of the trading day immediately preceding the applicable date of determination, without regard to any limitations on conversion of the Preferred Shares or on exercise of the Warrants, or (ii) such maximum number of Registrable Securities as the Company is then permitted to register by the SEC.

s. **"Investor"** means a Buyer or any transferee or assignee thereof to whom a Buyer assigns its rights under this Agreement and who agrees to become bound by the provisions of this Agreement in accordance with Section 9 and such a transferee or assignee thereof to whom a transferee or assignee assigns its rights under this Agreement and who agrees to become bound by the provisions of this Agreement in accordance with Section 9.

t. **"Person"** means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, a government or any department or agency thereof, or any other legal entity.

u. **"Register," "registered,"** and **"registration"** refer to a registration effected by preparing and filing one or more Registration Statements in compliance with the 1933 Act and pursuant to Rule 415 and the declaration or ordering of effectiveness of such Registration Statement(s) by the SEC.

v. **"Registrable Securities"** means (i) the Conversion Shares issued or issuable upon conversion of the Preferred Shares; (ii) the Warrant Shares issued or issuable upon exercise of the Warrants; and (iii) any shares of capital stock of the Company issued or issuable with respect to the Preferred Shares, the Conversion Shares, the Warrants or the Warrant Shares as a result of any stock split, stock dividend, recapitalization, exchange or similar event or otherwise, without regard to any limitations on conversion of the Preferred Shares or on exercise of the Warrants; provided, however, that any Registrable Securities shall cease to be Registrable Securities when (x) a Registration Statement with respect to the sale of such securities has become effective under the 1933 Act and such securities are disposed of in accordance with such Registration Statement, (y) such securities are sold in accordance with Rule 144, or (z) all of such securities are eligible to be sold by the holder thereof pursuant to Rule 144 without limitation, restriction or condition (including any current public information requirement) thereunder.

w. **"Registration Statement"** means a registration statement or registration statements of the Company filed under the 1933 Act covering Registrable Securities (which shall include, at any particular time, each document incorporated or deemed to be incorporated by reference therein).

x. **"Required Holders"** means the holders of a majority of the Registrable Securities; provided that a Person shall be deemed, for this purpose, to hold any Registrable Securities issuable upon conversion of any Preferred Shares held by such Person, without regard to any limitations on conversion of the Preferred Shares, and issuable upon exercise of any Warrants held by such Person, without regard to any limitations on exercise of the Warrants.

y. **"Required Registration Amount"** means either the Initial Required Registration Amount or a Cutback Required Registration Amount, as applicable.

z. "**Rule 144**" means Rule 144 under the 1933 Act or any successor rule.

aa. **"Rule 415"** means Rule 415 under the 1933 Act or any successor rule providing for offering securities on a continuous or delayed basis.

bb. **"SEC"** means the United States Securities and Exchange Commission.

Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Securities Purchase Agreement.

2. REGISTRATION.

a. Initial Mandatory Registration. The Company shall prepare, and, as soon as practicable, but in no event later than the Initial Filing Deadline, file with the SEC a Registration Statement on Form S-1 (or on Form S-3, if Form S-3 is then available for the

registration of the resale of Registrable Securities hereunder) covering the resale of the Registrable Securities. The Initial Registration Statement prepared pursuant hereto shall register for resale at least the number of Registrable Securities equal to the Initial Required Registration Amount determined as of the date the Initial Registration Statement is initially filed with the SEC (subject to subsequent reduction if directed by the staff of the SEC). The Company shall use its best efforts to have the Initial Registration Statement declared effective by the SEC as soon as practicable, but in no event later than the Initial Effectiveness Deadline.

b. Cutback Mandatory Registrations The Company shall prepare, and, as soon as practicable, but in no event later than each Cutback Filing Deadline, file with the SEC a Cutback Registration Statement on Form S-1 (or on Form S-3, if Form S-3 is then available for the registration of the resale of Registrable Securities hereunder) covering the resale of the number of Cutback Registrable Securities equal to the Cutback Required Registration Amount. To the extent the staff of the SEC does not permit all of the Cutback Registrable Securities to be registered on a Cutback Registration Statement, the Company shall file Cutback Registration Statements successively trying to register on each such Cutback Registration Statement the maximum number of remaining Cutback Registrable Securities until all of the Cutback Registrable Securities have been registered with the SEC. Each Cutback Registration Statement prepared pursuant hereto shall register for resale at least that number of shares of Common Stock equal to the Cutback Required Registration Amount as of the date such Cutback Registration Statement is initially filed with the SEC. The Company shall use its best efforts to have each Cutback Registration Statement declared effective by the SEC as soon as practicable following the filing thereof, but in no event later than 90 days following the filing thereof (a "**Cutback Effectiveness Deadline**").

c. Allocation of Registrable Securities. The number of Registrable Securities included in any Registration Statement shall be allocated pro rata among the Investors based on the number of Registrable Securities held by each Investor that are to be included in such Registration Statement (without giving effect to any limitations imposed by the SEC). In the event that an Investor sells or otherwise transfers any of such Investor's Registrable Securities, each transferee shall be allocated a pro rata portion of the then remaining number of Registrable Securities included in such Registration Statement for such transferor. Any Registrable Securities included in a Registration Statement and which remain allocated to any Person that ceases to hold any Registrable Securities covered by such Registration Statement shall be allocated to the remaining Investors, pro rata based on the number of Registrable Securities then held by such Investors which are covered by such Registration Statement. For purposes hereof, the number of Registrable Securities held by an Investor includes all Registrable Securities issuable upon conversion of Preferred Shares and upon exercise of Warrants, in each case held by such Investor, without regard to any limitation on the conversion of the Preferred Shares or on the exercise of the Warrants. In no event shall the Company include any securities other than Registrable Securities in any Registration Statement without the prior written consent of the Required Holders.

d. Legal Counsel. The Required Holders shall have the right to select one legal counsel to review and oversee any registration pursuant to this Section 2 ("**Legal Counsel**"), which shall be Katten Muchin Rosenman LLP or such other counsel as thereafter designated by the Required Holders. The Company shall reasonably cooperate with Legal Counsel in performing the Company's obligations under this Agreement.

e. Ineligibility for Form S-3. In the event that Form S-3 is not available for the registration of the resale of any Registrable Securities hereunder, (i) the Company shall undertake to file, within sixty (60) days of such time as such form is available for such registration, a post-effective amendment to the existing Registration Statement, or otherwise file a Registration Statement on Form S-3, registering such Registrable Securities on Form S-3; provided that the Company shall maintain the effectiveness of the existing Registration Statement then in effect until such time as a Registration Statement (or post-effective amendment) on Form S-3 covering such Registrable Securities has been declared effective by the SEC, and (ii) the Company shall provide that any Registration Statement on Form S-1 filed hereunder shall incorporate documents by reference (including by way of forward incorporation by reference) to the maximum extent possible.

f. Sufficient Number of Shares Registered. In the event the number of shares available under a Registration Statement filed pursuant to Section 2(a) is insufficient to cover all of the Registrable Securities required to be covered by such Registration Statement or an Investor's allocated portion of the Registrable Securities pursuant to Section 2(c), the Company shall, as soon as practicable, but in any event (other than with respect to Cutback Shares) not later than 30 days after the necessity therefor arises, or (if later) the first date on which the Company is then permitted to file such Registration Statement by the SEC (a "**Subsequent Filing Deadline**") amend the applicable Registration Statement, or file a new Registration Statement (on the short form available therefor, if applicable), or both, so as to cover Registrable Securities consisting of at least that number of shares of Common Stock equal to 100% of the sum of (i) the number of then-outstanding Conversion Shares and Warrant Shares that constitute Registrable Securities, (ii) the number of Registrable Securities issuable upon conversion of then-outstanding Preferred Shares, and (iii) the number of Registrable Securities issuable upon exercise of then-outstanding Warrants, in each case as of the trading day immediately preceding the date of the filing of such amendment or new Registration Statement. The Company shall use its best efforts to cause such amendment and/or new Registration Statement to become effective as soon as practicable following the filing thereof, but in any event (other than with respect to Cutback Shares) not later than 75 days following the filing thereof (a "**Subsequent Effectiveness Deadline**"). For purposes of the foregoing provision, the number of shares available under a Registration Statement shall be deemed "insufficient to cover all of the Registrable Securities" if as of any date of determination, the number of shares of Common Stock available for resale under the Registration Statement is less than 100% of the sum of (x) the number of then-outstanding Conversion Shares and Warrant Shares that constitute Registrable Securities, (y) the number of Registrable Securities issuable upon conversion of then-outstanding Preferred Shares, and (z) the number of Registrable Securities issuable upon exercise of then-outstanding Warrants (e.g., because of an adjustment in the number of Conversion Shares issuable upon conversion of the Preferred Shares pursuant to Section 2(c) of the Certificate of Designations and in the number of Warrant Shares issuable upon exercise of the Warrants pursuant to Section 8 of the Warrants). The calculation set forth in the foregoing sentence shall be made without regard to any limitations on the conversion of the Preferred Shares or on the exercise of the Warrants.

g. Effect of Failure to File and Obtain and Maintain Effectiveness of Registration Statement.

i. If (A) a Registration Statement covering Registrable Securities and required to be filed by the Company pursuant to Section 2(a), Section 2(b) or Section 2(f) of this Agreement is not (I) filed with the SEC on or before the applicable Filing Deadline (a "**Filing Failure**") or (II) declared effective by the SEC on or before the applicable Effectiveness Deadline (an "**Effectiveness Failure**") or (B) on any day after a Registration Statement has been declared effective by the SEC, sales of all the Registrable Securities required to be included on such Registration Statement cannot be made (other than during an Allowable Grace Period (as defined in Section 3(s))) pursuant to such Registration Statement (including because of a failure to keep the such Registration Statement effective, to disclose such information as is necessary for sales to be made pursuant to such Registration Statement or to register sufficient shares of Common Stock, as determined in accordance with Section 2(f)) (a "**Maintenance Failure**," and each of a Filing Failure, an Effectiveness Failure and a Maintenance Failure being referred to as a "**Registration Default**"), then the Company shall pay, as partial liquidated damages (but not as a penalty) to any holder of Preferred Shares or Warrants by reason of any such delay in or reduction of its ability to sell the underlying shares of Common Stock (which remedy shall not be exclusive of any other remedies available at law or in equity), an amount in cash equal to one and one-half percent (1.5%) of the aggregate value of such holder's Registrable Securities required to be included in such Registration Statement (such value being determined by multiplying the number of such Registrable Securities by the greater of (x) the then-current market price of such securities, and (y) $0.70) on each of the following dates: (1) the initial day of a Filing Failure and on every thirtieth (30th) day (prorated for periods totaling less than thirty (30) days) thereafter until such Filing Failure is cured; (2) the initial day of an Effectiveness Failure and on every thirtieth (30th) day (prorated for periods totaling less than thirty (30) days) thereafter until such Effectiveness Failure is cured; and (3) the initial day of a Maintenance Failure and on every thirtieth (30th) day (prorated for periods totaling less than thirty (30) days) thereafter until such Maintenance Failure is cured.

ii. The payments to which a holder shall be entitled pursuant to this Section 2(g) are referred to herein as "**Registration Delay Payments**." In the event the Company fails to make Registration Delay Payments in a timely manner, such Registration Delay Payments shall bear interest at the rate of the lesser of 1.5% per month (prorated for partial months) or the highest lawful interest rate, in each case, until paid in full.

3. RELATED OBLIGATIONS.

At such time as the Company is obligated to file a Registration Statement with the SEC pursuant to Section 2(a), Section 2(b) or Section 2(f), the Company will use its best efforts to effect the registration of the Registrable Securities in accordance with the intended method of disposition thereof and, pursuant thereto, the Company shall have the following obligations:

a. The Company shall promptly prepare and file with the SEC a Registration Statement with respect to the applicable Registrable Securities (but in no event later than the applicable Filing Deadline) and use its best efforts to cause such Registration Statement relating to the Registrable Securities to become effective as soon as practicable after such filing (but in

no event later than the applicable Effectiveness Deadline). The Company shall use its reasonable best efforts to respond to written comments received from the SEC upon a review of a Registration Statement within ten Business Days. No later than the first Business Day after such Registration Statement becomes effective, the Company will file with the SEC the final prospectus included therein pursuant to Rule 424 (or successor thereto) promulgated under the 1933 Act. The Company shall keep each Registration Statement effective pursuant to Rule 415 at all times until the earlier of (i) the date as of which all of the Investors may sell all of the Registrable Securities covered by such Registration Statement pursuant to Rule 144 without limitation, restriction or condition (including any current public information requirement) thereunder, or (ii) the date on which the Investors have sold all of the Registrable Securities covered by such Registration Statement in accordance with such Registration Statement or pursuant to Rule 144 (the "**Registration Period**"). Such Registration Statement shall contain a "plan of distribution" approved by the holders of a majority of the Registrable Securities included therein. Such Registration Statement (including any amendments or supplements thereto and any prospectuses (preliminary, final, summary or free writing) contained therein or related thereto shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading. The term "best efforts" shall mean, among other things, that the Company shall submit to the SEC, within two Business Days after the Company learns that no review of a particular Registration Statement will be made by the staff of the SEC or that the staff of the SEC has no further comments on the Registration Statement, as the case may be, a request for acceleration of effectiveness of such Registration Statement to a time and date not later than two (2) Business Days after the submission of such request.

b. The Company shall prepare and file with the SEC such amendments (including post-effective amendments) and supplements to a Registration Statement and the prospectus used in connection with such Registration Statement, as may be necessary to keep such Registration Statement effective at all times during the Registration Period, and, during such period, comply with the provisions of the 1933 Act with respect to the disposition of all Registrable Securities of the Company covered by such Registration Statement until such time as all of such Registrable Securities shall have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof as set forth in such Registration Statement. In the case of amendments and supplements to a Registration Statement which are required to be filed pursuant to this Agreement (including pursuant to this Section 3(b)) by reason of the Company filing a report on Form 10-Q, Form 10-K or any analogous report under the 1934 Act, the Company shall have incorporated such report by reference into such Registration Statement, if applicable, or shall file such amendments or supplements with the SEC within one Business Day after the 1934 Act report is filed which created the requirement for the Company to amend or supplement such Registration Statement. The Company shall promptly notify Legal Counsel and each Investor who holds Registrable Securities of any request by the SEC or any other Governmental Authority, during the period of effectiveness of a Registration Statement, for amendments or supplements to such Registration Statement or related prospectus or for additional information.

c. The Company shall (A) permit Legal Counsel to review and comment upon (i) the Initial Registration Statement at least three Business Days prior to its filing with the

SEC, and (ii) all other Registration Statements and all amendments and supplements to all Registration Statements (except for annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, and any similar or successor reports) within a reasonable number of days prior to their filing with the SEC, and (B) not file any document, registration statement, amendment or supplement described in the foregoing clause (A) in a form to which Legal Counsel reasonably objects. The Company shall not submit a request for acceleration of the effectiveness of a Registration Statement or any amendment or supplement thereto without providing prior notice thereof to Legal Counsel and each Investor. The Company shall, upon request, furnish to Legal Counsel, without charge, (x) promptly after the same is prepared and filed with the SEC, one copy of any Registration Statement and any amendment(s) thereto, including financial statements and schedules, all documents incorporated therein by reference, and all exhibits, and (y) upon the effectiveness of any Registration Statement, one copy of the prospectus included in such Registration Statement and all amendments and supplements thereto. The Company shall promptly furnish to Legal Counsel, without charge, copies of any correspondence from the SEC to the Company or its representatives relating to any Registration Statement, shall permit Legal Counsel to review and comment upon the Company's responses to any such correspondence and shall not submit any such responses in a form to which Legal Counsel reasonably objects. The Company shall reasonably cooperate with Legal Counsel in performing the Company's obligations pursuant to this Section 3.

d. The Company shall furnish to Legal Counsel and each Investor whose Registrable Securities are included in any Registration Statement, without charge, (i) promptly after the same is prepared and filed with the SEC, at least one copy of such Registration Statement and any amendment(s) thereto, including all documents incorporated therein by reference that have not been filed via EDGAR, (ii) upon the effectiveness of any Registration Statement, at least one copy of the prospectus included in such Registration Statement and all amendments thereto and (iii) such other documents, including copies of any prospectus or prospectus supplement (preliminary, final, summary or free writing), as such Investor may reasonably request from time to time in order to facilitate the disposition of the Registrable Securities owned by such Investor; provided that the Company shall not be required to furnish to Legal Counsel or the Investors prospectus supplements that are filed with the SEC to forward incorporate by reference any report filed by the Company on Form 10-K, Form 10-Q or 8-K.

e. The Company shall use its best efforts to (i) register and qualify, unless an exemption from registration and qualification applies, the resale by the Investors of the Registrable Securities covered by a Registration Statement under the securities or "blue sky" laws of all applicable jurisdictions in the United States, (ii) prepare and file in those jurisdictions, such amendments (including post-effective amendments) and supplements to such registrations and qualifications as may be necessary to maintain the effectiveness thereof during the Registration Period, (iii) take such other actions as may be necessary to maintain such registrations and qualifications in effect at all times during the Registration Period, and (iv) take all other actions reasonably necessary or advisable to qualify the Registrable Securities for sale in such jurisdictions or obtain exemptions from the registration and qualification requirements of such jurisdictions; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to (x) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(e), (y) subject itself to general taxation in any jurisdiction, or (z) file a general consent to service of process in any jurisdiction in which

it is not currently so qualified or subject to general taxation or has not currently so consented. The Company shall promptly notify Legal Counsel and each Investor who holds Registrable Securities of the receipt by the Company of any notification with respect to the suspension of the registration or qualification of any of the Registrable Securities for sale under the securities or "blue sky" laws of any jurisdiction in the United States or its receipt of actual notice of the initiation or threatening of any proceeding for such purpose.

f. The Company shall notify Legal Counsel and each Investor in writing of the happening of any event, as promptly as practicable after becoming aware of such event, as a result of which, in the case of a Registration Statement, it includes an untrue statement of a material fact or omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading and, in the case of the prospectus included in a Registration Statement, it includes an untrue statement of a material fact or omission to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (provided that in each notice the Company shall not disclose any material non-public information to any Investor unless otherwise requested in writing by such Investor), and, subject to Section 3(s), promptly prepare and file with the SEC a supplement or amendment to such Registration Statement to correct such untrue statement or omission, and deliver a copy of such supplement or amendment to Legal Counsel and each Investor (or such other number of copies as Legal Counsel or such Investor may reasonably request). The Company shall also promptly notify Legal Counsel and each Investor in writing (i) when a prospectus or any prospectus supplement or post-effective amendment has been filed, and when a Registration Statement or any post-effective amendment has become effective (notification of such effectiveness shall be delivered to Legal Counsel and each Investor by facsimile on the same day of such effectiveness and by overnight mail), and (ii) of the Company's reasonable determination that a post-effective amendment to a Registration Statement would be appropriate; provided that the Company shall not be required to notify Legal Counsel or any Investors of any prospectus supplements that are filed with the SEC to forward incorporate by reference any report filed by the Company on Form 10-K, Form 10-Q or 8-K.

g. The Company shall use its best efforts to prevent the issuance of any stop order or other suspension of effectiveness of a Registration Statement (other than during an Allowable Grace Period, as defined below), or the suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction and, if such an order or suspension is issued, to obtain the withdrawal of such order or suspension at the earliest possible time and to notify Legal Counsel and each Investor who holds Registrable Securities being sold of the issuance of such order or suspension and the resolution thereof or its receipt of actual notice of the initiation or threat of any proceeding for such purpose.

h. [Reserved].

i. At the reasonable request (in the context of applicable securities laws) of any Investor, the Company shall make available for inspection during regular business hours by (i) any Investor, (ii) Legal Counsel and (iii) one firm of accountants or other agents retained by the Investors (collectively, the "**Inspectors**"), all pertinent financial and other records, and pertinent corporate documents and properties of the Company (collectively, the "**Records**"), as shall be reasonably deemed necessary by each Inspector, and cause the Company's officers,

directors and employees to supply all information which any Inspector may reasonably request; provided, however, that each Inspector shall agree to hold in strict confidence and shall not make any disclosure (except to an Investor) or use of any Record or other information which the Company determines in good faith to be confidential, and of which determination the Inspectors are so notified, unless (a) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in any Registration Statement or is otherwise required under the 1933 Act, (b) the release of such Records is ordered pursuant to a subpoena or order from a court or government body of competent jurisdiction, or (c) the information in such Records has been made generally available to the public other than by disclosure in violation of this or any other agreement of which the Inspector has knowledge. Each Investor agrees that it shall, upon learning that disclosure of such Records is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt notice to the Company and allow the Company, at its expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, the Records deemed confidential. Nothing herein (or in any other confidentiality agreement between the Company and any Investor) shall be deemed to limit the Investors' ability to sell Registrable Securities in a manner that is otherwise consistent with applicable laws and regulations.

j. The Company shall hold in confidence and not make any disclosure of information concerning an Investor provided to the Company unless (i) disclosure of such information is necessary to comply with federal or state securities laws, (ii) the disclosure of such information is necessary to avoid or correct a misstatement or omission in any Registration Statement, (iii) the release of such information is ordered pursuant to a subpoena or order from a court or governmental body of competent jurisdiction, or (iv) such information has been made generally available to the public other than by disclosure in violation of this Agreement or any other agreement. The Company agrees that it shall, upon learning that disclosure of such information concerning an Investor is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt written notice to such Investor and allow such Investor, at the Investor's expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, such information.

k. The Company shall use its best efforts to (i) cause all the Registrable Securities covered by a Registration Statement to be listed on each securities exchange or trading market on which securities of the same class or series issued by the Company are listed, and (ii) without limiting the generality of the foregoing, arrange for at least one market maker to register with the Financial Industry Regulatory Authority ("**FINRA**") as such with respect to such Registrable Securities. For the avoidance of doubt, the Company shall pay all fees and expenses in connection with satisfying its obligation under this Section 3(k).

l. The Company shall cooperate with the Investors that hold Registrable Securities being offered and the underwriters, if any, and, to the extent applicable, facilitate the timely preparation and delivery of certificates (not bearing any restrictive legend) representing the Registrable Securities to be offered pursuant to a Registration Statement and enable such certificates to be in such names and denominations or amounts, as the case may be, and/or the timely issuance of the Registrable Securities to be offered pursuant to a Registration Statement through the Direct Registration System (DRS) of The Depository Trust Company (the "**DTC**") or crediting of the Registrable Securities to be offered pursuant to a Registration Statement to the applicable account (or accounts) with DTC through its Deposit/Withdrawal At Custodian (DWAC) system, in any such case as each Investor may reasonably request.

m. The Company shall provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of the applicable Registration Statement.

n. If requested by an Investor, the Company shall (i) as soon as practicable, incorporate in a prospectus supplement or post-effective amendment such information as such Investor requests to be included therein relating to the sale and distribution of Registrable Securities, including information with respect to such Investor, the number of Registrable Securities being offered or sold, the purchase price being paid therefor and any other terms of the offering of the Registrable Securities to be sold in such offering; (ii) as soon as practicable, make all required filings of such prospectus supplement or post-effective amendment after being notified of the matters to be incorporated in such prospectus supplement or post-effective amendment; and (iii) as soon as practicable, supplement or amend any Registration Statement as reasonably requested by such Investor.

o. The Company shall make generally available to its security holders as soon as practical an earnings statement (in form complying with the provisions of Rule 158 under the 1933 Act) covering a 12-month period beginning not later than the first day of the Company's fiscal quarter next following the effective date of a Registration Statement; provided that the parties acknowledge that the Company shall satisfy this section by timely filing its reports required pursuant to the 1934 Act.

p. The Company shall otherwise use its best efforts to comply with all applicable rules and regulations of the SEC in connection with any registration hereunder.

q. Within one Business Day after a Registration Statement which covers applicable Registrable Securities is declared effective by the SEC, the Company shall deliver, and shall cause legal counsel for the Company to deliver, to the transfer agent for such Registrable Securities (with copies to the Investors whose Registrable Securities are included in such Registration Statement) confirmation that such Registration Statement has been declared effective by the SEC in substantially the form attached hereto as Exhibit A, provided that if the Company changes its transfer agent, it shall immediately deliver any previously delivered notices under this Section 3(q) and any subsequent notices to such new transfer agent.

r. To the extent not made by the underwriters in the case of an underwritten offering, the Company shall make such filings with FINRA, pursuant to FINRA Rule 5110 or otherwise (including providing all required information and paying required fees thereto), as and when requested by any Investor, or in the case of an underwritten offering, by any underwriter, and make all other filings and take all other actions reasonably necessary to expedite and facilitate the disposition by the Investors of Registrable Securities pursuant to a Registration Statement, including promptly responding to any comments received from FINRA.

s. Notwithstanding anything to the contrary in Section 3(f), at any time after the effective date of the applicable Registration Statement, the Company may delay the disclosure of material non-public information concerning the Company the disclosure of which

at the time is not, in the good faith opinion of the Board of Directors of the Company and its counsel, in the best interest of the Company and not, in the opinion of counsel to the Company, otherwise required (a "**Grace Period**"); provided, that the Company shall (i) promptly notify the Investors in writing of the existence of material non-public information giving rise to a Grace Period (provided that in each notice the Company shall not disclose the content of such material non-public information to any Investor unless otherwise requested in writing by such Investor) and the date on which the Grace Period will begin, and (ii) as soon as such date may be determined, promptly notify the Investors in writing of the date on which the Grace Period ends; and, provided, further, that (A) no Grace Period shall exceed thirty (30) consecutive days, (B) during any three hundred sixty five (365) day period, such Grace Periods shall not exceed an aggregate of sixty (60) days, and (C) the first day of any Grace Period must be at least ten (10) trading days after the last day of any prior Grace Period (each Grace Period that satisfies all of the requirements of this Section 3(s) being referred to as an "**Allowable Grace Period**"). For purposes of determining the length of a Grace Period above, the Grace Period shall begin on and include the date the Investors receive the notice referred to in clause (i) and shall end on and include the later of the date the Investors receive the notice referred to in clause (ii) and the date referred to in such notice. The provisions of Section 3(f) hereof shall not be applicable during the period of any Allowable Grace Period. Upon expiration of the Grace Period, the Company shall again be bound by the first sentence of Section 3(f) with respect to the information giving rise thereto unless such material non-public information is no longer applicable.

t. The Company shall enter into such customary agreements (including, in the case of underwritten offering, an underwriting agreement) and take such other actions as any of the Investors or underwriters, if any, may reasonably request in order to expedite and facilitate the disposition of the Registrable Securities covered by a Registration Statement.

4. OBLIGATIONS OF THE INVESTORS.

a. At least ten Business Days prior to the first anticipated filing date of a Registration Statement and at least seven Business Days prior to the filing of any amendment or supplement to a Registration Statement, the Company shall notify each Investor in writing of the information, if any, the Company requires from each such Investor if such Investor elects to have any of such Investor's Registrable Securities included in such Registration Statement or, with respect to an amendment or a supplement, if such Investor's Registrable Securities are included in such Registration Statement (each an "**Information Request**"). Provided that the Company shall have complied with its obligations set forth in the preceding sentence, it shall be a condition precedent to the obligations of the Company to complete the registration pursuant to this Agreement with respect to the Registrable Securities of a particular Investor that such Investor shall furnish to the Company, in response to an Information Request, such information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it as shall be reasonably required to effect the registration of such Registrable Securities.

b. Each Investor, by such Investor's acceptance of the Registrable Securities, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of any Registration Statement hereunder, unless such Investor has notified the Company in writing of such Investor's election to exclude all of such Investor's Registrable Securities from such Registration Statement.

c. Each Investor agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(g) or the first sentence of Section 3(f), or written notice from the Company of an Allowable Grace Period, such Investor will discontinue disposition of Registrable Securities pursuant to any Registration Statement(s) covering such Registrable Securities until such Investor's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3(g) or the first sentence of Section 3(f) or receipt of notice from the Company in writing that no supplement or amendment is required or that the Allowable Grace Period has ended. Notwithstanding anything to the contrary, the Company shall cause its transfer agent to deliver unlegended shares of Common Stock to a transferee of an Investor in accordance with the terms of the Certificate of Designations in connection with any sale of Registrable Securities with respect to which an Investor has entered into a contract for sale prior to the Investor's receipt of a notice from the Company of the happening of any event of the kind described in Section 3(g) or the first sentence of Section 3(f) and for which the Investor has not yet settled.

5. EXPENSES OF REGISTRATION.

All expenses, other than underwriting discounts and commissions, incurred in connection with registrations, filings or qualifications pursuant to Sections 2 and 3, including all registration, listing and qualifications fees, printers and accounting fees, and fees and disbursements of counsel for the Company, as well as all other costs and expenses incurred in connection with the Company's compliance with its obligations under this Agreement, shall be paid by the Company. The Company shall also reimburse the Investors for the reasonable fees and disbursements of Legal Counsel of up to $10,000 per registration in connection with registration, filing or qualification pursuant to Sections 2 and 3 of this Agreement.

6. INDEMNIFICATION.

In the event any Registrable Securities are included in a Registration Statement:

a. To the fullest extent permitted by law, the Company will, and hereby does, indemnify, hold harmless and defend each Investor, the directors, officers, partners, members, managers, investment managers, employees, affiliates, agents and representatives of, and each Person, if any, who controls any Investor within the meaning of the 1933 Act or the 1934 Act (each, an "**Indemnified Person**"), against any losses, claims, damages, liabilities, judgments, fines, penalties, charges, costs, reasonable attorneys' fees, amounts paid in settlement, joint or several, and any expenses (collectively, "**Indemnified Damages**"), incurred in investigating, preparing or defending any action, claim, suit, inquiry, proceeding, investigation or appeal taken from the foregoing by or before any court or Governmental Authority or other administrative or regulatory agency or body (including the SEC and any state commission or authority or self-regulatory organization or securities exchange in the United States or elsewhere), whether pending or threatened, whether or not an indemnified party is or may be a party thereto ("**Claims**"), to which any of them may become subject insofar as such Claim (or actions or proceedings, whether commenced or threatened, in respect thereof) or Indemnified Damages

arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact in a Registration Statement or any post-effective amendment thereto or in any filing made in connection with the qualification of the offering under the securities or other "blue sky" laws of any jurisdiction in which Registrable Securities are offered, or the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements made therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any prospectus, including any preliminary prospectus, free writing prospectus or final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto, and including all information incorporated by reference therein), or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, (iii) any violation or alleged violation by the Company of the 1933 Act, the 1934 Act, any other law, including any state securities law, or any rule or regulation thereunder relating to the offer or sale of the Registrable Securities pursuant to a Registration Statement or (iv) any breach or violation of this Agreement (the matters in the foregoing clauses (i) through (iv) being, collectively, "**Violations**"). Subject to Section 6(c), the Company shall reimburse the Indemnified Persons, promptly as such expenses are incurred and are due and payable, for any legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(a): (x) shall not apply to a Claim or Indemnified Damages sought by an Indemnified Person to the extent arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by such Indemnified Person expressly for use in connection with the preparation of the Registration Statement or any such amendment thereof or supplement thereto; and (y) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld, conditioned or delayed. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Person and shall survive any transfer of Registrable Securities by any Investor pursuant to Section 9.

b. In connection with any Registration Statement in which an Investor's Registrable Securities are included, each such Investor agrees to severally and not jointly indemnify, hold harmless and defend the Company, each of its directors, each of its officers who signs the Registration Statement, and each Person, if any, who controls the Company within the meaning of the 1933 Act or the 1934 Act (each an "**Indemnified Party**"), to the same extent and in the same manner as is set forth in Section 6(a) with respect to the Indemnified Persons, against any Claim or Indemnified Damages to which any of them may become subject insofar as such Claim or Indemnified Damages arise out of or are based upon any Violation, to the extent, and only to the extent, that such Violation occurs in reliance upon and in conformity with written information furnished to the Company by such Investor expressly for use in connection with the preparation of the Registration Statement or any amendment thereof or supplement thereto; and, subject to Section 6(c), such Investor will reimburse any legal or other expenses reasonably incurred by an Indemnified Party in connection with investigating or defending any such Claim; provided, however, that the indemnity agreement contained in this Section 6(b) and the agreement with respect to contribution contained in Section 7 shall not apply to amounts paid in settlement of any Claim or Indemnified Damages if such settlement is effected without the prior written consent of such Investor, which consent shall not be unreasonably withheld; provided,

further, that an Investor shall be liable under this Section 6(b) for only that amount of a Claim or Indemnified Damages as does not exceed the net proceeds to such Investor as a result of the sale of Registrable Securities pursuant to the Registration Statement giving rise to such indemnification obligation. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Indemnified Party and shall survive any transfer of Registrable Securities by any Investor pursuant to Section 9.

c. Promptly after receipt by an Indemnified Person or Indemnified Party under this Section 6 of the written threat of or notice of the commencement of any action or proceeding (including any governmental action or proceeding) involving a Claim or Indemnified Damages, such Indemnified Person or Indemnified Party shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 6, promptly deliver to the indemnifying party a written notice of the written threat of or notice of the commencement of such action or proceeding. In case any such action or proceeding is brought against any Indemnified Party or Indemnified Person and such Indemnified Party or Indemnified Person seeks or intends to seek indemnity from an indemnifying party, the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person or the Indemnified Party, as the case may be. In any such proceeding, any Indemnified Person or Indemnified Party may retain its own counsel, but the fees and expenses of that counsel will be at the expense of that Indemnified Person or Indemnified Party, as the case may be, unless (i) the indemnifying party and the Indemnified Person or Indemnified Party, as applicable, shall have mutually agreed to the retention of that counsel, (ii) the indemnifying party does not assume the defense of such proceeding in a timely manner or (iii) in the opinion of counsel retained by the Indemnified Person or Indemnified Party, as applicable, the representation by such counsel for the Indemnified Person or Indemnified Party, as applicable, and the indemnifying party would be inappropriate due to actual or potential differing interests between such Indemnified Person or Indemnified Party and any other party represented by counsel to the indemnifying party in such proceeding. The Indemnified Party or Indemnified Person shall reasonably cooperate with the indemnifying party in connection with any negotiation or defense of any such action or proceeding or Claim or Indemnified Damages by the indemnifying party and shall furnish to the indemnifying party all information reasonably available to the Indemnified Party or Indemnified Person which relates to such action, proceeding or Claim or Indemnified Damages. The indemnifying party shall keep the Indemnified Party or Indemnified Person fully apprised at all times as to the status of the defense or any settlement negotiations with respect thereto. No indemnifying party shall, without the prior written consent of the Indemnified Party or Indemnified Person, as the case may be, consent to entry of any judgment or enter into any settlement or other compromise with respect to any pending or threatened action or claim in respect of which indemnification or contribution may be or has been sought hereunder (whether or not the Indemnified Party or Indemnified Person is an actual or potential party to such action or claim) which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party or Indemnified Person (as applicable) of a full release from all liability with respect to such Claim or Indemnified Damages or which includes any admission as to fault or culpability on the part of such Indemnified Party or Indemnified Person. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action or proceeding shall not relieve such indemnifying party of

any liability to the Indemnified Person or Indemnified Party under this Section 6, except to the extent that the indemnifying party is materially prejudiced in its ability to defend such action or proceeding as a result of such failure.

d. The indemnification required by this Section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or Indemnified Damages are incurred.

e. The indemnity agreements contained herein shall be in addition to (i) any cause of action or similar right of the Indemnified Party or Indemnified Person against the indemnifying party or others, and (ii) any liabilities the indemnifying party may be subject to pursuant to the law.

7. CONTRIBUTION.

To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 6 to the fullest extent permitted by law; provided, however, that: (i) no Person involved in the sale of Registrable Securities which Person is guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) in connection with such sale shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation; and (ii) contribution by any seller of Registrable Securities shall be limited in amount to the net amount of proceeds received by such seller from the sale of such Registrable Securities pursuant to such Registration Statement, less the amount of any damages that such Investor has otherwise been required to pay in connection with such sale.

8. REPORTS UNDER THE 1934 ACT.

a. With a view to making available to the Investors the benefits of Rule 144, the Company agrees to:

i. make and keep public information available, as those terms are understood and defined in Rule 144;

ii. file with the SEC in a timely manner all reports and other documents required of the Company under the 1934 Act so long as the Company remains subject to such requirements (it being understood that nothing herein shall limit the Company's obligations under Section 4(c) of the Securities Purchase Agreement) and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and

iii. furnish to each Investor so long as such Investor owns Registrable Securities, promptly upon request, (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144 and the 1934 Act, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested to permit the Investors to sell such securities pursuant to Rule 144 without registration.

b. For so long as the Principal Market is not a National Exchange (as such terms are defined in the Securities Purchase Agreement), the Company shall use its reasonable best efforts to facilitate trading of the Common Stock on the Principal Market and, without limiting the foregoing, the Company shall file all necessary reports, at its expense, to publish all information so as to have available "current public information" in Standard & Poor's Corporation Records or Mergent's Manual for state "blue sky" exemption purposes.

9. ASSIGNMENT OF REGISTRATION RIGHTS.

The rights under this Agreement shall be automatically assignable by the Investors to any transferee of all or any portion of Registrable Securities if: (i) the Investor agrees in writing with the transferee or assignee to assign such rights, and a copy of such agreement is furnished to the Company; (ii) the Company is furnished with written notice of (a) the name and address of such transferee or assignee, and (b) the securities with respect to which such registration rights are being transferred or assigned; (iii) immediately following such transfer or assignment the further disposition of such securities by the transferee or assignee is restricted under the 1933 Act and applicable state securities laws; and (iv) the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein.

10. AMENDMENT OF REGISTRATION RIGHTS.

Provisions of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Required Holders. Any amendment or waiver effected in accordance with this Section 10 shall be binding upon each Investor and the Company. No such amendment shall be effective to the extent that it applies to less than all of the holders of the Registrable Securities. No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of any of this Agreement unless the same consideration also is offered to each of the Investors.

11. MISCELLANEOUS.

a. A Person is deemed to be a holder of Registrable Securities (or a transferee or assignee of Registrable Securities, as applicable) whenever such Person owns or is deemed to own of record such Registrable Securities (or the Preferred Shares or the Warrants or other securities upon exercise, conversion or exchange of which such Registrable Securities are directly or indirectly issuable, without giving effect to any limitations or restrictions on conversion of the Preferred Shares or other securities). If the Company receives conflicting instructions, notices or elections from two or more Persons with respect to the same Registrable Securities, the Company shall act upon the basis of instructions, notice or election received from the registered owner of such Registrable Securities (or the Preferred Shares or the Warrants or other securities upon exercise, conversion or exchange of which such Registrable Securities are directly or indirectly issuable).

b. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by both email and facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) one Business Day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

If to the Company:

Stereotaxis, Inc.
4320 Forest Park Avenue, Suite 100
St. Louis, Missouri 63108
Email: marty.stammer@stereotaxis.com and karen.duros@stereotaxis.com
Facsimile: (314) 667-3448
Attention: Marty Stammer and Karen Duros

With copy to:

Bryan Cave LLP
One Metropolitan Square
211 N. Broadway, Suite 3600
St. Louis, Missouri 63102
Email: rjendicott@bryancave.com and todd.kaye@bryancave.com
Facsimile: (314) 552-8447 and (314) 552-8194
Attention: Robert J. Endicott and Todd M. Kaye

If to Legal Counsel:

Katten Muchin Rosenman LLP
525 West Monroe Street
Chicago, Illinois 60661-3693
Email: mark.reyes@kattenlaw.com
Facsimile: 312-577-4423
Attention: Mark J. Reyes, Esq.

or, in the case of a Buyer or other party named above, to such other address and/or facsimile number and/or email address and/or to the attention of such other person as the recipient party has specified by written notice given to each other party at least 5 days prior to the effectiveness of such change. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender’s facsimile machine containing the time, date, recipient facsimile number and an image of the first page of such transmission or (C) provided by a courier or overnight courier service shall be rebuttable evidence of personal service, receipt by facsimile or deposit with a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above,

respectively. Notwithstanding the foregoing, the Company or its counsel may transmit versions of any Registration Statement (or any amendments or supplements thereto) to Legal Counsel in satisfaction of its obligations under Section 3(c) to permit Legal Counsel to review such Registration Statement prior to filing (and solely for such purpose) by email to mark.reyes@kattenlaw.com (or such other e-mail address as has been provided for such purpose by Legal Counsel) and provided that delivery and receipt of such transmission shall be confirmed by electronic, telephonic or other means.

c. Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.

d. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware. Each party hereby irrevocably submits to the exclusive jurisdiction of the Chancery Court of the State of Delaware and any state appellate court therefrom sitting in New Castle County in the State of Delaware (or, if the Chancery Court of the State of Delaware declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware), for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HEREWITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

e. This Agreement and the other Transaction Documents and the Certificate of Designations constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement and the other Transaction Documents and the Certificate of Designations supersede all prior agreements and understandings among the parties hereto with respect to the subject matter hereof and thereof.

f. Subject to the requirements of Section 9, this Agreement shall inure to the benefit of and be binding upon the permitted successors and assigns of each of the parties hereto.

g. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

h. This Agreement and any amendments hereto may be executed and delivered in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement, and shall become effective when counterparts have been signed by each party hereto and delivered to the other parties hereto, it being understood that all parties need not sign the same counterpart. In the event that any signature to this Agreement or any amendment hereto is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof. No party hereto shall raise the use of a facsimile machine or e-mail delivery of a ".pdf" format data file to deliver a signature to this Agreement or any amendment hereto or the fact that such signature was transmitted or communicated through the use of a facsimile machine or e-mail delivery of a ".pdf" format data file as a defense to the formation or enforceability of a contract and each party hereto forever waives any such defense.

i. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

j. All consents and other determinations to be made by the Investors pursuant to this Agreement shall be made, unless otherwise specified in this Agreement, by the Required Holders, for Registrable Securities without regard to any limitations on the conversion of the Preferred Shares or on the exercise of the Warrants. Any consent or other determination approved by Investors as provided in the immediately preceding sentence shall be binding on all Investors.

k. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent and no rules of strict construction will be applied against any party.

l. Each Buyer and each holder of the Registrable Securities shall have all rights and remedies set forth in the Transaction Documents and the Certificate of Designations and all rights and remedies that such Buyers and holders have been granted at any time under any other agreement or contract and all of the rights that such Buyers and holders have under any law. Any Person having any rights under any provision of this Agreement shall be entitled to enforce such rights specifically (without posting a bond or other security or proving actual damages), to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law.

m. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns and, to the extent provided in Sections 6 and 7 hereof, each Indemnified Person and Indemnified Party, and is not for the benefit of, nor may any provision hereof be enforced by, any other Person.

n. The Company shall not grant any Person any registration rights with respect to shares of Common Stock or any other securities of the Company other than registration rights that will not adversely affect the rights of the Investors hereunder (including by limiting in any way the number of Registrable Securities that could be included in any Registration Statement pursuant to Rule 415) and shall not otherwise enter into any agreement that is inconsistent with the rights granted to the Investors hereunder.

o. The obligations of each Investor hereunder are several and not joint with the obligations of any other Investor, and no provision of this Agreement is intended to confer any obligations on any Investor vis-à-vis any other Investor. Nothing contained herein, and no action taken by any Investor pursuant hereto, shall be deemed to constitute the Investors as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Investors are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated herein.

p. Unless the context otherwise requires, (a) all references to Sections, Schedules or Exhibits are to Sections, Schedules or Exhibits contained in or attached to this Agreement, (b) each accounting term not otherwise defined in this Agreement or the Securities Purchase Agreement has the meaning assigned to it in accordance with GAAP, (c) words in the singular or plural include the singular and plural, and pronouns stated in either the masculine, the feminine or neuter gender shall include the masculine, feminine and neuter and (d) the use of the word “including” in this Agreement shall be by way of example rather than limitation.

* * * * * *

IN WITNESS WHEREOF, the parties have caused this Registration Rights Agreement to be duly executed as of day and year first above written.

COMPANY:

STEREOTAXIS, INC.

By: /s/ Martin C. Stammer
Name: Martin C. Stammer
Title: CFO

BUYER:

DAFNA LIFESCIENCE LP

By: /s/ Nathan Fischel
Name: Nathan Fischel
Title: CEO

BUYER:

DAFNA LIFESCIENCE SELECT LP

By: /s/ Nathan Fischel
Name: Nathan Fischel
Title: CEO

BUYER:

FRED A. MIDDLETON

By: /s/ Fred A. Middleton
Name: Fred A. Middleton
Title:

BUYER:

PIEDMONT PARTNERS, L.P.

By: /s/ Steven W. Smith
Name: Steven W. Smith
Title: CFO, Chi-Rho Financial LLC
G.P. for Piedmont Partners, L.P.

BUYER:

GLL INVESTORS, L.P.

By: /s/ Jason Gilboy
Name: Jason Gilboy
Title: Managing Member, GLL Investors, LLC (The GP)

BUYER:

GLL INVESTORS II, L.P.

By: /s/ Jason Gilboy
Name: Jason Gilboy
Title: Managing Member, GLL Investors, LLC (The GP)

BUYER:

GLL INVESTORS LTD Class B

By: /s/ Jason Gilboy
Name: Jason Gilboy
Title: Managing Member, GLL Investors, LLC (The IM)

BUYER:

JOSEPH KIANI 2007 DYNASTY TRUST, DATED MARCH 20, 2008

By: /s/ Mary Kiani

Name: Mary Kiani, not individually, but solely as trustee of the Joseph Kiani 2007 Dynasty Trust, dated March 20, 2008

Title: Trustee

BUYER:

ARBITER PARTNERS QP LP

By: /s/ Paul J. Isaac
Name: Paul J. Isaac
Title: CIO, Arbiter Partners Capital Management LLC

BUYER:

NANA ASSOCIATES LLC

By: /s/ Paul J. Isaac
Name: Paul J. Isaac
Title: Manager

BUYER:

By: /s/ Arun Menawat
Name: Arun S. Menawat
Title: CEO Profound Medical Inc.

BUYER:

2012 REVOCABLE TRUST OF ANDREW REDLEAF

By: /s/ Gerry Krause
Name: Gerry Krause
as: Investment Manager
for: Andrew Redleaf
its: Grantor

EXHIBIT A

FORM OF NOTICE OF EFFECTIVENESS
OF REGISTRATION STATEMENT

[TRANSFER AGENT]
Attn:

Re: Stereotaxis, Inc.

Ladies and Gentlemen:

We are counsel to Stereotaxis, Inc., a Delaware corporation (the "**Company**"), and have represented the Company in connection with that certain Securities Purchase Agreement (the "**Purchase Agreement**") entered into by and among the Company and the buyers named therein (collectively, the "**Holders**") pursuant to which the Company issued to the Holders (1) 24,000 shares (the "**Preferred Shares**") of the Company's Series A Convertible Preferred Stock, with a stated value of $1,000 per share ("**Preferred Stock**"), which are convertible into shares (the "**Conversion Shares**") of the Company's common stock, $0.001 par value per share ("**Common Stock**"), subject to adjustment, and (2) Warrants (the "**Warrants**") to purchase an aggregate of 36,923,077 shares (the "**Warrant Shares**") of Common Stock, subject to adjustment, as set forth in, and subject to the terms and conditions of, the Purchase Agreement. Pursuant to the Purchase Agreement, the Company also has entered into a Registration Rights Agreement with the Holders (the "**Registration Rights Agreement**") pursuant to which the Company agreed, among other things, to register the Registrable Securities (as defined in the Registration Rights Agreement), including the Conversion Shares and the Warrant Shares, under the Securities Act of 1933, as amended (the "**1933 Act**"). In connection with the Company's obligations under the Registration Rights Agreement, on , 200 , the Company filed a Registration Statement on Form **[S-]** (File No. 333-) (the "**Registration Statement**") with the Securities and Exchange Commission (the "**SEC**") relating to Registrable Securities which names each of the Holders as a selling stockholder thereunder.

In connection with the foregoing, we advise you that the SEC has entered an order declaring the Registration Statement effective under the 1933 Act at **[ENTER TIME OF EFFECTIVENESS]** on **[ENTER DATE OF EFFECTIVENESS]** and we have no knowledge that any stop order suspending its effectiveness has been issued or that any proceedings for that purpose are pending before, or threatened by, the SEC and the Registrable Securities covered thereby are available for resale under the 1933 Act pursuant to the Registration Statement.

Very truly yours,

[ISSUER'S COUNSEL]

By: _____

cc: **[LIST NAMES OF HOLDERS]**

Exhibit 99.1

Stereotaxis Announces Multiple Positive Strategic Updates

- $24 Million Equity Investment -
- Recruitment of Highly Experienced Board Members -
- Retirement of Debt at Significant Discount -

ST. LOUIS, MO, Sept. 27, 2016 – Stereotaxis, Inc. (OTCQX: STXS), a global leader in innovative robotic technologies for the treatment of cardiac arrhythmias, today announced that it has signed definitive agreements for multiple transactions that significantly strengthen the company's financial position and help accelerate and enhance its strategic market growth initiatives. These transactions include an equity financing of $24 million, the satisfaction in full of outstanding debt to Healthcare Royalty Partners for a payment of $13 million, and the addition to the board of three new directors with significant operational and financial experience in the medical device industry.

"We are very pleased to have the support of these esteemed institutional and individual investors as we continue to pioneer and bring the advantages of high levels of automation to complex cardiac ablation procedures," said William C. Mills, Stereotaxis Chief Executive Officer and Chairman. "Moreover, we are excited to work closely with each of the new board members, who bring with them a fresh perspective and a proven ability to build strong businesses and clinically meaningful technologies that create value for patients, clinicians and shareholders. The confidence each of these investors has demonstrated through significant commitments further validates the potential we see for Stereotaxis to become the standard of care in an expanding market of procedures that can be improved by our technology."

Equity Investment

Stereotaxis will receive a $24 million upfront investment upon the issuance of convertible preferred stock with a conversion price of $0.65, a 10% premium to yesterday's closing price and a 6% premium to the 10-day volume-weighted average price. The Company will have the opportunity to receive up to an additional $25.8 million in the future upon the exercise of warrants. The private placement is expected to close this week subject to standard closing conditions. Additional details regarding the offering will be included in the Form 8-K to be filed by Stereotaxis with the Securities and Exchange Commission.

The investment is co-led by DAFNA Capital Management, LLC and Mr. Joe Kiani. DAFNA Capital is an SEC registered investment advisor with a highly successful investment track record of over 17 years focused on compelling innovations in biotechnology and medical devices. Mr. Kiani is the Founder, Chief Executive Officer and Chairman of Masimo, a global medical device company and leader in noninvasive patient monitoring technologies. He has led Masimo from inception in 1989 to a company with 2015 revenue of $630 million, 2015 operating income of $120 million, and a current market capitalization of near $3 billion.

"We look at hundreds of companies every year, and more specifically have followed the range of innovations in medical robotics and arrhythmia ablation technologies for many years," said David

Fischel, Principal at DAFNA Capital. “Stereotaxis stands out in terms of the discrepancy between the value of its technically complex products with proven clinical benefit and its valuation. We are glad that this financing will provide the company the opportunity to execute on its innovation and growth initiatives. I look forward to working with the Stereotaxis team to realize their full potential.”

“When I was introduced to Stereotaxis it reminded me in some ways of Masimo in our early years – a highly sophisticated technology with the potential to significantly improve patient outcomes, but struggling through the difficulties of being a small company commercializing in the complicated healthcare ecosystem,” said Mr. Kiani. “I look forward to contributing to the effort to make robotic navigation available to electrophysiologists and arrhythmia patients, and to helping make Stereotaxis a highly successful company.”

Additional investors in the financing include clients of Arbiter Partners Capital Management, Chi-Rho Financial, GLL Investors, Mr. Andrew Redleaf, and Stereotaxis incoming board member Dr. Arun Menawat and existing board member Mr. Fred Middleton.

Board of Directors

In connection with this investment, Mr. Joe Kiani, Arun Menawat, Ph.D., and Mr. David Fischel will join the Stereotaxis Board of Directors, effective immediately at closing.

Mr. Kiani, as described previously, is the Founder and CEO of Masimo, a global leader in innovative noninvasive monitoring technologies. In 2010, Mr. Kiani and Masimo created the Masimo Foundation for Ethics, Innovation, and Competition in Healthcare, which is dedicated to encouraging and promoting activities that improve patient safety and deliver advanced healthcare worldwide. Mr. Kiani earned both his bachelor’s and master’s degrees in electrical engineering from San Diego State University.

Dr. Menawat is CEO of Profound Medical Inc., a medical device company that is driving commercialization of real-time MRI-guided ablation treatment for prostate cancer. Prior to that, he was CEO of Novadaq Technologies Inc. Under his 13-year tenure at Novadaq, he transformed the company from a small private pre-commercial company into the leader in intraoperative imaging and was instrumental in signing strategic partnerships with companies including Intuitive Surgical, LifeCell, and KCI. Dr. Menawat earned a Ph.D. in Chemical Engineering from the University of Maryland and an Executive MBA from the J.L. Kellogg School of Management, Northwestern University.

Mr. Fischel has served as DAFNA Capital’s primary portfolio manager for medical device investments for over eight years. Prior to joining DAFNA Capital, he was a research analyst at SCP Vitalife, a healthcare venture capital fund. Mr. Fischel completed his B.S. magna cum laude in Applied Mathematics with a minor in Accounting at the University of California at Los Angeles and received his MBA from Bar-Ilan University in Tel Aviv. He is a Certified Public Accountant, Chartered Financial Analyst and Chartered Alternative Investment Analyst.

Retirement of Debt

Stereotaxis has agreed with its creditor Healthcare Royalty Partners to satisfy in full its debt obligations for a payment of $13 million. The principal value of that debt stood at $18.4 million as of June 30, 2016 and carried a 16% interest rate.

“We intend over the coming months to explore additional debt funding on terms significantly more attractive than our previous royalty-backed debt,” said Mr. Mills. “We believe that this funding, combined with our strong new balance sheet resulting from the transactions described today, should provide us with the opportunity to achieve profitability given our global growth initiatives.”

The securities to be issued upon the closing of the private placement transaction described in this press release have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), or applicable state securities laws, and unless so registered, any such securities may not be offered or sold except pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws. The Company has agreed to file a registration statement with the SEC covering the resale of the shares issuable upon conversion of the preferred stock and upon exercise of the warrants sold in the private placement following the closing of the transaction.

This press release does not constitute an offer to sell or the solicitation of an offer to buy securities, nor shall it constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale is unlawful.

About Stereotaxis

Stereotaxis is a healthcare technology and innovation leader in the development of robotic cardiology instrument navigation systems designed to enhance the treatment of arrhythmias and coronary disease, as well as information management solutions for the interventional lab. Over 100 issued patents support the Stereotaxis platform, which helps physicians around the world provide unsurpassed patient care with robotic precision and safety, improved lab efficiency and productivity, and enhanced integration of procedural information. Stereotaxis’ core *Epoch*® Solution includes the *Niobe*® ES remote magnetic navigation system, the *Odyssey*® portfolio of lab optimization, networking and patient information management systems, and the *Vdrive*® robotic navigation system and consumables.

The core components of Stereotaxis’ systems have received regulatory clearance in the United States, European Union, Canada, China, Japan, and elsewhere. The V-Sono™ ICE catheter manipulator, V-Loop™ variable loop catheter manipulator, and V-CAS™ catheter advancement system have received clearance in the United States, Canada, and the European Union. The V-CAS Deflect™ catheter advancement system has been CE Marked for sale in the European Union. For more information, please visit www.stereotaxis.com.

This press release includes statements that may constitute “forward-looking” statements, usually containing the words “believe”, “estimate”, “project”, “expect” or similar expressions. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, the Company’s ability to raise additional capital on a timely basis and on terms that are acceptable, its ability to continue to manage expenses and cash burn rate at sustainable levels, its ability to continue to work with lenders to extend, repay or refinance indebtedness, or to obtain additional debt financing, in either case on acceptable terms, continued acceptance of the Company’s products in the marketplace, the effect of global economic conditions on the ability and willingness of customers to purchase its systems and the timing of such purchases, competitive factors, changes resulting from healthcare reform in the United States, including changes in government reimbursement procedures, dependence upon third-party vendors,

timing of regulatory approvals, and other risks discussed in the Company's periodic and other filings with the Securities and Exchange Commission. By making these forward-looking statements, the Company undertakes no obligation to update these statements for revisions or changes after the date of this release. There can be no assurance that the Company will recognize revenue related to its purchase orders and other commitments in any particular period or at all because some of these purchase orders and other commitments are subject to contingencies that are outside of the Company's control. In addition, these orders and commitments may be revised, modified, delayed or canceled, either by their express terms, as a result of negotiations, or by overall project changes or delays.

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