

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS, OR PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. HOLDERS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

**[Name of Issuer Company]
Convertible Promissory Note**

[\$[Principal Amount of Note] (the "Principal Amount")

[Date]

FOR VALUE RECEIVED, **[Name of Issuer Company]** (the "Company") promises to pay to the person or entity whose name appears on the signature page hereto as the "Holder" of this Note (the "Holder"), the Principal Amount, together with interest as set forth below.

This Convertible Promissory Note (this "Note") is one of a series of Convertible Promissory Notes issued by the Company, all having like terms. Such Convertible Promissory Notes, together with this Note, are collectively referred to as the "Bridge Notes," the holders thereof are collectively referred to as the "Holders" and the holders of Bridge Notes representing a majority of the Principal Amount of all outstanding Bridge Notes are collectively referred to as the "Majority Holders."

1. Payments.

1.1 Due Date. Unless earlier converted pursuant to Section 2 below, the Principal Amount and all accrued interest on all of the Bridge Notes shall become due and payable upon demand by the Majority Holders to the Company at any time following [Date] (the "Due Date"), at Holder's address set forth on the signature page hereto. In addition, each Bridge Note may become due and payable upon the Company's failure to timely satisfy the Minimum Funding Requirement as set forth in Section 4 below.

1.2 Acceleration on Certain Events. Notwithstanding Section 1.1 hereof, the entire unpaid Principal Amount and accrued interest on all of the Bridge Notes shall be immediately due and payable upon: (i) the institution by or against the Company of any bankruptcy proceeding, assignment for the benefit of creditors or any other reorganization, receivership, insolvency or other similar proceeding under any law affecting the rights of creditors generally; or (ii) a Sale Transaction (as defined below), unless the Bridge Notes are converted in connection therewith pursuant to Section 2.4 below.

1.3 Interest. Interest shall accrue on this Note at the rate of 6% per annum. Interest shall only be payable when this Note becomes due and payable in accordance with Section 1.1 or 1.2 above, or upon conversion pursuant to Section 2 below.

1.4 Payments. The Company shall not have the right to pay any of the Bridge Notes prior to the Due Date without the prior consent of the Majority Holders evidenced by a written instrument. The Company shall be entitled to pay the Bridge Notes on or after the Due Date only after providing at least 10 days' prior written notice to the Holders (during which period the Majority Holders

may elect to convert the Bridge Notes pursuant to Section 2.3 below). Unless otherwise agreed by the Majority Holders, any payment or prepayment made on any Bridge Note (including this Note) shall be made among all Bridge Notes on a pro-rata basis.

2. Conversion.

2.1 Definitions. As used herein:

2.1.1 “Conversion Price” means, with respect to a conversion in connection with a Qualified Preferred Stock Financing, a price equal to the lower of (i) the Discount Price; or (ii) the price per share determined based on a Company valuation of \$2,100,000, on a fully diluted basis immediately prior to the Qualified Preferred Stock Financing, taking into account all outstanding shares of the Company’s Common Stock, all securities exercisable or convertible into the Company’s Common Stock, and all shares that will be reserved for issuance under any Company stock plan or the like.

2.1.2 “Discount Price” means (i) 90% of the Preferred Stock Price if the Qualified Preferred Stock Financing occurs on or prior to sixty days (60) following the Effective Date; (ii) 80% of the Preferred Stock Price if the Qualified Preferred Stock Financing occurs on or prior to one hundred twenty days (120) following the Effective Date; and (iii) 70% of the Preferred Stock Price if the Qualified Preferred Stock Financing occurs after one hundred eighty days (180) following the Effective Date.

2.1.3 “Effective Date” means the date set forth on the last Bridge Note to be executed by any Holder.

2.1.4 “Preferred Stock” means the Company’s preferred stock issued in the Qualified Preferred Stock Financing.

2.1.5 “Preferred Stock Price” means the price per share at which the Company sells Preferred Stock to investors in the Qualified Preferred Stock Financing.

2.1.6 “Qualified Preferred Stock Financing” means the Company’s next equity financing in which it issues shares of preferred stock with aggregate proceeds to the Company, including from the conversion of all of the Bridge Notes, of at least \$500,000.

2.1.7 “Sale Transaction Conversion Price” means, with respect to a conversion in connection with a Sale Transaction, the price per share determined based on a Company valuation of \$2,100,000, on a fully diluted basis immediately prior to the Sale Transaction, taking into account all outstanding shares of the Company’s Common Stock and all securities then exercisable or convertible into the Company’s Common Stock.

2.1.8 “Sale Transaction” means (i) a sale, transfer, exclusive license or other disposition of all or substantially all of the Company’s assets, (ii) a merger, consolidation or other acquisition transaction by which the holders of the Company’s capital stock immediately prior to the transaction no longer hold a majority of the voting stock of the Company or the surviving or acquiring entity after the transaction; or (iii) a liquidation, dissolution or winding up of the Company. A transaction shall not constitute a Sale Transaction if its sole purpose is to change the state of the Company’s incorporation or to create a holding company that will be owned in substantially the same proportions by

the persons who held the Company's securities immediately prior to such transaction, or if it is effected primarily for purposes of equity financing.

2.2 Automatic Conversion On Qualified Preferred Stock Financing. At the closing of a Qualified Preferred Stock Financing, all Principal Amount and interest under the Bridge Notes shall automatically convert into Preferred Stock at the Conversion Price. The Company shall notify the Holders as soon as reasonably practicable prior to the closing of the Qualified Preferred Stock Financing as to the timing and terms thereof. At the closing of the Qualified Preferred Stock Financing, the Bridge Notes shall be automatically cancelled (Holder shall return this Note to the Company for cancellation, but such cancellation shall be effected automatically whether or not Holder returns the Note) and the Holder shall receive a number of shares of Preferred Stock equal to the Principal Amount plus accrued interest hereunder divided by the Conversion Price. In connection with any such conversion, the Holders shall be entitled to the same rights, preferences and privileges generally granted to other investors in the Qualified Preferred Stock Financing, and shall execute and deliver stock purchase, investor rights, voting and other customary agreements consistent with those to be executed and delivered by purchasers of the Preferred Stock in the Qualified Preferred Stock Financing.

2.3 Optional Conversion if No Qualified Financing. At any time following the Due Date while the Bridge Notes remain outstanding, the Bridge Notes shall be convertible upon the written election of the Majority Holders into shares of Alternate Preferred Stock (as defined below) at the price per share determined based on a Company valuation of \$2,100,000, on a fully diluted basis immediately prior to the effective date of such written election, taking into account all outstanding shares of the Company's Common Stock, all securities exercisable or convertible into the Company's Common Stock, and all shares that will be reserved for issuance under any Company stock plan or the. In connection with any such conversion, the Holders will execute and deliver customary stock purchase agreements and related investment documents, and have rights and obligations pursuant thereto, that are consistent with those typically seen in seed round venture capital financing transactions. As used herein, "Alternate Preferred Stock" means a newly authorized series of Company preferred stock having the rights, preferences and privileges to be mutually agreed-upon among the Company and the Majority Holders, consistent with the rights, preferences and privileges customarily seen in seed round venture capital financing transactions.

2.4 Optional Conversion on Sale Transaction. If there is a Sale Transaction while the Bridge Notes remain outstanding, at the election of the Majority Holders, the Bridge Notes shall (i) either become due and payable as set forth in Section 1.2; or (ii) all Principal Amount and accrued interest under the Bridge Notes shall be convertible into shares of the Company's Common Stock at the Sale Transaction Conversion Price. The Company shall notify the Holders as soon as reasonably practicable, and in any event at least ten days, prior to the closing of a Sale Transaction as to the timing and terms thereof. If so elected by the Majority Holders, by written notice to the Company within five days following such notice from the Company, the Bridge Notes shall automatically be cancelled immediately prior to the Sale Transaction (Holder shall return this Note to the Company for cancellation, but such cancellation shall be effected automatically whether or not Holder returns the Note) and the Holder shall receive a number of shares of the Company's Common Stock equal to the Principal Amount plus accrued interest hereunder divided by the Sale Transaction Conversion Price (or cash or other securities of the purchaser in the Sale Transaction in lieu thereof). In connection with any such conversion, the Holders shall execute and deliver agreements customary for such transactions; provided, that Holder shall not be obligated to make any representation, warranty, covenant or indemnity for or on behalf of the Company other than in connection with Holder's ownership of this Note and any encumbrances thereto.

3. Representations and Warranties. The Company (in the case of Section 3.1) and the Holder (in the case of Section 3.2) represent and warrant as follows:

3.1 Company. The Company is a corporation duly organized, validly existing and in good standing under the laws of the state of Delaware and has all requisite corporate power and authority to carry on its business as presently conducted. All corporate action on the part of the Company, its officers, directors and stockholders necessary for the authorization, execution and delivery of this Note and the performance of all obligations of the Company hereunder and thereunder and the authorization, issuance and delivery of this Note has been taken (provided that the parties acknowledge that the Company will have to authorize the Preferred Stock or Sale Transaction in connection with any conversion of the Bridge Notes). This Note, when executed and delivered by Company, shall constitute a valid and binding obligation of Company, enforceable in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency, and the relief of debtors generally. The execution and delivery of this Note, and the performance of the transactions contemplated hereby, will not conflict with or violate any agreement or instrument by which the Company is bound.

3.2 Holder. Holder is an accredited investor, as that term is defined in Rule 501 of Regulation D under the Securities Act of 1933. Holder is purchasing the Note for its own account only, and not with a view to or for resale in connection with any distribution thereof. Holder understands that the investment evidenced hereby must be held indefinitely unless registered under the Securities Act of 1933 or an exemption from such registration is available. Holder has been given the opportunity to ask questions and receive satisfactory answers regarding the Company, has received the information it desires in evaluating the investment contemplated hereby and has the knowledge and experience to evaluate the merits and risks of this investment. Holder has a preexisting business or personal relationship with the Company or one of its executive officers, directors or other control persons. Holder acknowledges that the Company has not delivered to Holder, and has not been requested by Holder to deliver, a private placement or similar memorandum or any written disclosure of the types of information customarily furnished to purchasers of securities. Holder is experienced in making speculative, high-risk, investments in early-stage companies and has sufficient experience in such transactions to enable Holder to evaluate the merits, and assess the risk, of the investment evidenced hereby. Holder acknowledges and understands that the Company is an early stage company, with an unproven technology and business model, and will require additional financing from time to time during its development. Holder acknowledges that the investment evidenced hereby carries a high degree of risk and may result in a loss of Holder's entire investment

4. Minimum Investment Amount. The Company covenants that it either has or will issue Bridge Notes with a minimum aggregate Principal Amount of at least \$50,000 within thirty days of the date set forth on the face of this Note (the "Minimum Funding Requirement"). In the event that the Company does not satisfy the Minimum Funding Requirement by such date, it shall promptly (and in any event within five business days) notify the Holders and each Holder may, upon written notice to the Company within seven days following such Company notice, elect to have its Note repaid in full.

5. No Other Indebtedness. So long as any Bridge Notes remain outstanding, the Company shall not, without the consent of the Majority Holders, incur, guaranty, assume or otherwise become obligated to pay any indebtedness for borrowed money other than Bridge Notes in an aggregate Principal Amount not to exceed \$500,000. For the avoidance of doubt, it is acknowledged that unsecured trade payables for goods and services incurred in the ordinary course of business shall not be prohibited hereby.

6. Miscellaneous.

6.1 Confidentiality. Holder agrees keep confidential and not to disclose, divulge, or use for any purpose (other than to monitor its investment in the Company or for the benefit of the Company) any information obtained from the Company which is designated as confidential or which, given its nature, ought reasonably be considered confidential, unless such information (i) is known or becomes known to the public in general (other than as a result of a breach of this provision by Holder), (ii) is or has been independently developed or conceived by Holder without use of the Company's confidential information, or (iii) is or has been made known or disclosed to Holder by a third party without a breach of any obligation of confidentiality to the Company; provided, however, that Holder may disclose confidential information (i) to its attorneys, accountants, consultants, and other professionals and representative to the extent necessary to obtain their services in connection with monitoring its investment in the Company; (ii) to any affiliated fund or entity, partner, member, stockholder or other similar affiliate of Holder in the ordinary course of business (provided that such persons shall be otherwise bound by an obligation of confidentiality); or (iii) as may otherwise be required by law.

6.2 Amendments and Waivers. Other than the Principal Amount and the right to payment of the Principal Amount and interest hereunder, which may only be amended or waived with the written consent of the Holder, any other term of the Bridge Notes may be amended or compliance therewith waived (either generally or in a particular instance and either retroactively or prospectively) with the written consent of the Company and the Majority Holders; provided that any such amendments or waivers must be applicable to each of the Bridge Notes in the same manner. Any amendment or waiver effected in accordance herewith shall be binding upon each holder of Bridge Notes.

6.3 Governing Law. This Note shall be governed by and construed and enforced in accordance with the laws of the State of California, without giving effect to its conflicts of laws principles. The undersigned acknowledge that the loan evidenced hereby is subject to the implied covenant of good faith and fair dealing arising under Section 1655 of the California Civil Code.

6.4 Severability. If one or more provisions of this Note are held to be unenforceable under applicable law, such provision shall be excluded from this Note and the balance of the Note shall be interpreted as though such provision were so excluded and shall be enforceable in accordance with its terms. The parties agree to replace such illegal, void, invalid or unenforceable provision of this Note with a legal, valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such illegal, void, invalid or unenforceable provision.

6.5 Usury Exemption. The lending transactions contemplated by this Agreement are intended to be exempt from the constitutional usury provisions of the California Constitution by operation of Section 25118 of the California Corporations Code.

6.6 Headings. The titles and subtitles used in this Note are for convenience only and are not to be considered in construing or interpreting this Note. No rule of construction to the effect that ambiguities are to be resolved against the drafting party shall be applied in the construction or interpretation of this Note.

6.7 Attorneys' Fees and Costs. Each party shall bear its own expenses in connection with the issuance of this Note; provided however that if any action at law or in equity is necessary to enforce or interpret the terms of this Note, the prevailing party shall be entitled to attorneys' fees, costs and disbursements in addition to any other relief to which such party may be entitled. As used

in this Section, attorneys' fees shall be deemed to mean the full and actual costs of any legal services actually performed in connection with the matters involved calculated on the basis of the usual fee charged by the attorney performing such services and shall not be limited to "reasonable attorneys' fees" as defined in any statute or rule of court.

6.8 Entire Agreement. This Note constitutes the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes all prior and contemporaneous negotiations, agreements and understandings (including any 'term sheets' or similar documents).

6.9 Counterparts. This Note may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of this Note by electronic transmission shall be equally as effective as delivery of an executed hard copy of the same.

6.10 Assignments. This Note may not be assigned or transferred by the Holder without the prior written consent of the Company, or by the Company without the prior written consent of the Holder. Notwithstanding the foregoing, subject to compliance with applicable securities laws and with written notice to the Company, the Note may be transferred (i) in the case of a Holder that is an entity, to a transfer by such entity to an affiliated investment fund, or to its stockholders, members, partners or other equity holders; and (ii) in the case of a Holder that is a natural person, to a transfer by such natural person to such Holder's family members (which includes a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, a life partner, domestic partner, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships), or to any custodian or trustee of any trust, partnership, limited liability company or other entity for the benefit of, or the ownership interests of which are owned wholly by Holder or any such family member. Subject to the foregoing, this Note, and the rights and obligations of each of the parties hereunder, shall inure to the benefit of, and shall be binding upon, the parties and their successors and assigns.

(SIGNATURES ON FOLLOWING PAGE)

IN WITNESS WHEREOF, the parties have caused this Convertible Promissory Note to be issued on the day and year first above written.

COMPANY:

[Name of Issuer Company]

By: _____

Its: _____

HOLDER:

By: _____

Its: _____

Address: _____

Signature page to Convertible Promissory Note