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| **Financing:** [AMOUNT] | **Due Date:** [MM-DD-YY] | **Interest:** [X]% p.a. |
| **Qualified Financing:** issue of Capital Stock in [AMOUNT] or more | **Valuation Cap:** [AMOUNT] | **Discount:** [Y]% |

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| 1. Investor will provide Financing, with Interest (if any), to Company, on or before [MM-DD-YY] (“**Disbursement Date**”). |
| 1. Financing plus accrued Interest (“**Balance**”) will be repaid: either as described in Clause 3, *or* as described in Clauses 4 to 6 below. |
| 1. On Due Date, Company will repay the Balance by issuing and transferring to Investor (or its designees) the number of shares of Series A preferred stock (or other Capital Stock as may be designated by Investor in writing) (“**Shares**”) that will represent [XX]% of Company’s then issued and outstanding share capital, on a “**Fully Diluted**” basis. |
| 1. If before Due Date, Company issues any new Capital Stock in a Qualified Financing (“**New Stock**”), the Balance will fully and automatically convert into such New Stock, on its issue date. The number of New Stock shares issued to Investor in QF will be equal to the Balance divided by Conversion Price. |
| 1. The Conversion Price shall be the lesser of: |
| 1. {*1 minus Discount*} multiplied by {*issue price per share of New Stock to third party investors*}; or 2. *Valuation Cap* divided by {*number of shares of stock in Company’s “Fully Diluted” stock capital as of Qualified Financing stock issue date*}. |
| If a fractional number results, it is rounded up or down to the nearest whole number. |
| 1. If before Due Date, a Liquidity Event occurs, the Balance will fully and automatically convert into Shares that will represent [XX]% of Company’s then issued and outstanding share capital, on a “**Fully Diluted**” basis. Such conversion will occur on the date immediately preceding the date when such Change of Control or Liquidity Event is consummated. The Conversion Price will be calculated as in Clause 5. |
| 1. The Investor shall have information rights vis-à-vis the Company on par with holders of Company’s Series A Preferred Stock. |
| 1. “**Capital Stock**” means capital stock of the Company, and, where more than 50% of the capital stock of the Company is held by a holding company which primary purpose is holding the capital stock of the Company, then “Capital Stock” means also the capital stock of such holding company. |
| 1. “**Change of Control**” means (i) a transaction or series of related transactions in which any “person”, “persons” or “group” (within the meaning of Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), cede “beneficial ownership” (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, with respect to cumulatively more than 50% of the outstanding voting securities of the Company having the right to vote for the election of members of the Company’s board of directors, to any “person”, “persons” or “group” so defined; (ii) any reorganization, merger or consolidation of the Company, other than a transaction or series of related transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of the Company or such other surviving or resulting entity or (iii) a sale, lease or other disposition of all or substantially all of the assets of the Company, or of any Intellectual Property of the Company. |
| 1. “**Liquidity Event**” means a Change of Control, an initial public offering of Capital Stock, or an initial listing of Capital Stock on a recognized exchange. |
| 1. “**Fully Diluted**” means that number of shares of the Company’s capital stock equal to the sum of (i) all shares of the Company’s capital stock (on an as-converted basis) issued and outstanding, assuming exercise or conversion of all options, warrants and other convertible securities and (ii) all shares of the Company’s capital stock reserved and available for future grant under any equity incentive or similar plan). |
| 1. “**Intellectual Property**” means software codes and designs, algorithms, developments, inventions, laboratory notebooks, processes, formulas, techniques, engineering designs and drawings, hardware configuration information and proprietary rights and processes, trademarks, service marks, trade names, copyrights, trade secrets, licenses, domain names, mask works, technical data, know-how, research, product or service ideas or plans. |
| 1. In connection with the above, each party represents and warrants to the other party that: |
| 1. The first party is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation, and has the power and authority to own, lease and operate its properties and carry on its business as now conducted. 2. The execution, delivery and performance by the first party of this agreement is within its power and has been duly authorized by all necessary actions on the part of the first party. This agreement constitutes a legal, valid and binding obligation of the first party, enforceable against it in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity. To its knowledge, the first party is not in violation of (i) its current certificate of incorporation or bylaws, (ii) any material statute, rule or regulation applicable to the Company or (iii) any material debt or contract to which it is a party or by which it is bound, where, in each case, such violation or default, individually, or together with all such violations or defaults, could reasonably be expected to have a material adverse effect on the first party. 3. The performance and consummation of the transactions contemplated by this agreement do not and will not: (i) violate any material judgment, statute, rule or regulation applicable to the first party; (ii) result in the acceleration of any material debt or contract to which the first party is a party or by which it is bound; or (iii) result in the creation or imposition of any lien on any property, asset or revenue of the first party or the suspension, forfeiture, or nonrenewal of any material permit, license or authorization applicable to the first party, its business or operations. 4. No consents or approvals are required in connection with the performance of this agreement, other than: (i) the requisite corporate approvals of the party; (ii) any qualifications or filings under applicable securities laws; and (iii) necessary corporate approvals for the authorization of Capital Stock issuable pursuant to this agreement. |
| 1. The Company represents and warrants to the Investor that, to its knowledge, it owns or possesses (or can obtain on commercially reasonable terms) sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, processes and other intellectual property rights necessary for its business as now conducted and as currently proposed to be conducted, without any conflict with, or infringement of the rights of, others. |
| 1. This agreement and/or its rights may be assigned without the Company’s consent by the Investor. |
| 1. This agreement shall be governed by and construed in accordance with laws of [STATE] without regard to their conflicts of law principles. If any provision of this agreement is for any reason found to be unenforceable, the remainder will continue in full force and effect. Any dispute, legal suit, action or proceeding arising out of or based upon this agreement or the convertible note or the transactions contemplated hereby, including any breach, existence, termination or invalidity hereof, shall be resolved in the courts of the [STATE]. |
| IN WITNESS WHEREOF, the parties have executed this agreement as of the date first written above. |

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| Investor –  By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Title \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Email:  Address: | Company –  By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Title \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Email:  Address: |