

CONVERTIBLE PROMISSORY NOTE

Principal Amount: Effective Date: Governing State: [STATE] Maturity Date:

THIS CONVERTIBLE PROMISSORY NOTE AND THE SECURITIES ISSUABLE UPON ITS CONVERSION HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY STATE. THEY HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED, OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED UNDER SUCH ACT OR APPLICABLE STATE SECURITIES LAWS.

FOR VALUE RECEIVED, [BORROWER NAME], a Individual with an address of [BORROWER ADDRESS] (the "**Company**" or "Borrower"), hereby promises to pay to the order of [LENDER NAME], a Individual with an address of [LENDER ADDRESS] (the "**Holder**" or "Investor," together with its permitted successors and assigns), the principal sum of **** () in lawful U.S. currency, together with simple interest accrued thereon, subject to conversion into equity securities of the Company on the terms set forth below.

1. Principal and Interest

(a) Principal. The Company was advanced the principal sum on **** (the "Advance Date").

(b) Interest. Simple interest shall accrue on the unpaid principal balance at **6% per annum**, computed on an Actual/365 basis from the Advance Date until the principal is paid in full or converted. Accrued interest shall convert together with principal.

2. Maturity

Unless earlier converted or prepaid in accordance with this Note, the entire unpaid principal and accrued interest shall become due and payable in full on **** (the "**Maturity Date**").

3. Conversion

(a) Automatic Conversion on Qualified Financing. If the Company consummates, in a single transaction or series of related transactions, the sale of its equity securities to investors principally for capital-raising purposes with aggregate gross proceeds to the Company of at least **\$1,000,000.00** (excluding the conversion of this Note and other convertible securities) (a "**Qualified Financing**"), then **the entire outstanding principal and accrued interest under this Note shall automatically convert**, without any further action by Holder, into the Preferred Stock issued in the Qualified Financing (or, at the

Company's election, a substantially identical shadow series) at a per-share (or per-unit) price equal to the **lesser** of:

(i) the lowest per-share price paid by cash investors in the Qualified Financing multiplied by **80%** (reflecting a **20%** discount); and

(ii) [No valuation cap applies to this Note.]

(b) Optional Conversion at Maturity. On the Maturity Date, Holder may, by written notice to the Company, elect to convert all outstanding principal and accrued interest into Preferred Stock of the Company at a per-share price equal to the fair market value of such securities as reasonably determined in good faith by the Company's board of directors or managers.

(c) Change of Control. If the occurrence of a Change of Control (defined as a merger or consolidation in which the Company is not the surviving entity and in which the Company's outstanding equity prior to the transaction represents less than a majority of the voting equity of the surviving entity, a sale of all or substantially all of the Company's assets, or a sale of a majority of the Company's voting equity) prior to conversion or repayment of this Note, Holder shall be entitled, at Holder's election delivered by written notice prior to the closing, to receive **either**: (i) a cash payment equal to the outstanding principal plus accrued interest multiplied by **2** (i.e., a **100%** premium over the outstanding balance); **or** (ii) to convert this Note immediately prior to the closing of the Change of Control into Preferred Stock at the conversion price described in subsection (b) above and participate in the Change of Control consideration on the same terms as other holders of such securities.

(d) Conversion Mechanics. Upon any conversion, Holder shall surrender this Note to the Company for cancellation (or execute and deliver a lost-note affidavit) and execute and deliver the definitive financing documents (e.g., stock purchase agreement, investors' rights agreement, voting agreement, right of first refusal and co-sale agreement) executed by other investors in the Qualified Financing, or, in the case of a maturity or Change-of-Control conversion, reasonable and customary subscription documents. No fractional shares shall be issued; any fractional share shall be rounded down and paid in cash. Conversion shall be deemed to occur immediately prior to the closing of the applicable triggering event, and upon conversion this Note shall be **cancelled** and of no further force or effect, whether or not physically surrendered.

4. Representations of the Holder

Holder represents and warrants to the Company that: (a) Holder is an "**accredited investor**" within the meaning of Rule 501 of Regulation D under the Securities Act of 1933; (b) Holder is acquiring this Note and any securities issuable upon conversion for Holder's own account, for investment, and not with a present view to, or for sale in connection with, any distribution thereof; (c) Holder understands that this Note and the conversion securities have not been registered under the Securities Act or any state securities

laws and may not be resold absent registration or an available exemption; (d) Holder has sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of this investment and can bear the complete loss of its investment; and (e) the certificates or book-entry records for any conversion securities will bear restrictive legends consistent with Rule 144 and applicable state laws.

5. Seniority; Subordination; Unsecured

This Note is **unsecured**. It ranks **pari passu** in right of payment with all other convertible promissory notes issued by the Company in the same financing series and is **senior** to all classes of equity securities of the Company. This Note is **subordinate** to any senior secured indebtedness of the Company to an institutional lender outstanding from time to time.

6. No Rights as Shareholder

Until this Note is converted in accordance with Section 3, the Holder shall not have, by virtue of this Note, any rights as a shareholder, member, or other equity holder of the Company, including voting rights, rights to dividends or other distributions, or rights to notice of shareholder or member meetings.

7. Most-Favored-Nation

If, while this Note remains outstanding, the Company issues any additional convertible promissory note (or SAFE or similar instrument) with terms that, taken as a whole, are more favorable to the holder thereof than the terms of this Note, the Company shall promptly notify Holder of such terms and offer to amend this Note to incorporate the more-favorable terms. This right does not extend to equity securities issued in a bona fide priced round.

8. Prepayment

This Note may be prepaid by the Company at any time **only with the prior written consent of the Holder**. Holder's consent may be conditioned upon election of conversion in lieu of repayment.

9. Events of Default

Each of the following is an Event of Default:

1. Failure to pay any amount due on the Maturity Date that continues for **10 days** after written notice;
2. Material breach by the Company of any representation, warranty, or covenant in this Note, uncured 30 days after notice;
3. Voluntary or involuntary bankruptcy, insolvency, assignment for the benefit of creditors, or appointment of a receiver for the Company;

4. Dissolution, liquidation, or winding-up of the Company (other than in connection with a Change of Control for which Holder has elected to convert or receive the premium payment).

Upon an Event of Default, Holder may declare the outstanding principal and accrued interest immediately due and payable and pursue all remedies at law or in equity.

10. Attorneys' Fees

The Company shall pay Holder's reasonable attorneys' fees and costs in any action to enforce this Note.

11. Securities Law Compliance

The Company and Holder acknowledge that this Note is a "security" under federal and applicable state law. The Company intends the issuance of this Note to be exempt from registration under Section 4(a)(2) of the Securities Act and/or Rule 506 of Regulation D promulgated thereunder, and under applicable state "blue sky" exemptions. The Company shall make any required Form D filing within 15 days of the first sale. Holder shall cooperate in providing information reasonably necessary for such filings.

12. Servicemembers Civil Relief Act

To the extent applicable, the rate on this Note shall be reduced to 6% per annum upon qualifying active-duty notice per 50 U.S.C. §3937.

13. Waivers; Amendments

The Company waives presentment, demand, notice of dishonor, and protest. This Note may be amended, and any term may be waived, only by a writing signed by the Company and holders of a majority in principal amount of the series of convertible notes of which this Note is a part (and such amendment shall bind all holders).

14. General Provisions

Governing Law. This Note shall be governed by the laws of the State of [STATE] (disregarding conflict-of-laws principles). Any action arising hereunder shall be brought exclusively in the state or federal courts in [VENUE CITY FOR ANY DISPUTE], [STATE].

Assignment. Holder may not assign or transfer this Note except (a) to an affiliate of Holder, (b) by operation of law, or (c) with the Company's prior written consent (not unreasonably withheld); any transfer is subject to compliance with applicable securities laws.

Notices; Severability; Entire Agreement; Counterparts; Electronic Signatures. Standard commercial terms. ESIGN Act recognized.

Signatures

IN WITNESS WHEREOF, the parties have executed this Convertible Promissory Note as of the Effective Date.

COMPANY / BORROWER:

Company

_____ PRINTED NAME

_____ SIGNATURE

_____ DATE

HOLDER / INVESTOR:

Holder

_____ PRINTED NAME

_____ SIGNATURE

_____ DATE