

**THIS SECURITY AND THE STOCK ISSUABLE UPON THE CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED.**

**COMPANY**

**CONVERTIBLE SECURITY**

**Face Amount:** FACE AMOUNT OF SECURITY

**Issuance Date:** DATE OF CONVERSION

**Void After:** 5:00 p.m., California local time, on the ten year anniversary of the Issuance Date

This Convertible Security (the “**Security**”) is issued to PARTY1 by COMPANY, a Delaware corporation (the “**Company**”), on the Issuance Date set forth above.

1. ***Definitions***

(a) The “**Purchase Price**” for the Shares will be the price per share of equity securities sold to investors in a Qualified Equity Financing.

(b) The “**Shares**” will mean the class and series of preferred stock issued to investors in a Qualified Equity Financing.

(c) A “**Qualified Equity Financing**” is an equity financing pursuant to which the Company sells shares of its preferred stock with an aggregate sales price of not less than \$5,000,000 (excluding this Security) (or such lesser amount as the holder may approve in writing) with the principal purpose of raising capital.

(d) A “**Change of Control**” means either (i) the acquisition of the Company by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation or stock transfer, but excluding any such transaction effected primarily for the purpose of changing the domicile of the Company), unless the Company's stockholders of record immediately prior to such transaction or series of related transactions hold, immediately after such transaction or series of related transactions, at least 50% of the voting power of the surviving or acquiring entity (provided that the sale by the Company of its securities for the purposes of raising additional funds shall not constitute a Change of Control hereunder) or (ii) a sale of all or substantially all of the assets of the Company.

2. ***Conversion into Shares.*** In exchange for the Face Amount set forth above, the receipt of which is hereby acknowledged, and subject to the terms and conditions set forth herein, the holder of this Security is entitled, upon receipt by the Company of proper instructions for the cancellation of this Security from the holder, to receive from the Company up to the number of fully paid and nonassessable Shares, equal to the quotient obtained by dividing (a) the

Face Amount by (b) the Purchase Price. Upon such conversion of this Security, the holder hereby agrees to execute and deliver to the Company all transaction documents related to the Qualified Equity Financing, including a purchase agreement and other ancillary agreements, with customary representations and warranties and transfer restrictions (including a 180-day lock-up agreement in connection with an initial public offering), and having the same terms as those agreements entered into by the other purchasers of the preferred stock. The holder also agrees that upon conversion of this Security into Shares in accordance with the terms hereof, this Security shall be deemed converted, cancelled and of no further force and effect, whether or not the Company received instructions for the cancellation of this Security from the holder.

3. ***Notices or Certificates for Shares; Fractional Shares.*** Upon the conversion of this Security, one or more notices of issuance of uncertificated Shares, or certificates for the number of Shares so purchased, as applicable, shall be issued as soon as practicable thereafter. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of this Security, but in lieu of such fractional shares the Company shall make a cash payment therefor on the basis of the Purchase Price then in effect.

4. ***Representations and Covenants of the Company.*** The Company represents that all corporate actions on the part of the Company, its officers, directors and stockholders necessary for the sale and issuance of this Security have been taken. Further, the Company covenants that the Shares, when issued pursuant to the conversion of this Security, will be duly and validly issued, fully paid and nonassessable and free from all taxes, liens, and charges with respect to the issuance thereof.

5. ***Security Transferable; Security Register***

(a) Subject to compliance with the terms and conditions of this Section 5, this Security and all rights hereunder are transferable, in whole or in part, without charge to the holder hereof (except for transfer taxes), upon receipt by the Company of properly executed written instructions of transfer from the holder.

(b) With respect to any offer, sale or other disposition of this Security or any Shares acquired pursuant to the conversion of this Security prior to registration of such Security or Shares, the holder hereof agrees to give written notice to the Company prior thereto, describing briefly the manner thereof, together with a written opinion of such holder's counsel, or other evidence, if requested by the Company, to the effect that such offer, sale or other disposition may be effected without registration or qualification (under the Act as then in effect or any federal or state securities law then in effect) of this Security or the Shares and indicating whether or not under the Act certificates or notices, as applicable, for this Security or the Shares to be sold or otherwise disposed of require any restrictive legend or notice as to applicable restrictions on transferability in order to ensure compliance with such law. Upon receiving such written notice and reasonably satisfactory opinion or other evidence, if so requested, the Company, as promptly as practicable, shall notify such holder that such holder may sell or otherwise dispose of this Security or such Shares, all in accordance with the terms of the notice delivered to the Company. If a determination has been made pursuant to this Section 5 that the opinion of counsel for the holder or other evidence is not reasonably satisfactory to the Company, the Company shall so notify the holder promptly with details thereof after such

determination has been made. Each certificate or notice, as applicable, for this Security or the Shares transferred in accordance with this Section 5 shall bear a legend or notice as to the applicable restrictions on transferability in order to ensure compliance with such laws, unless in the aforesaid opinion of counsel for the holder, such legend or notice is not required in order to ensure compliance with such laws. The Company may issue stop transfer instructions to its transfer agent in connection with such restrictions.

(c) The Security is in book entry form only and is transferable only on the books of the Company. The Company will maintain a register containing the names and addresses of the holders of this Security. Until any transfer of this Security is made in the register, the Company may treat the holder as the absolute owner hereof for all purposes. Any holder may change such holder's address as shown on the register by written notice to the Company requesting such change.

6. ***Rights of Stockholders.*** No holder of this Security will be entitled, as a Security holder, to vote or receive dividends or be deemed the holder of the Shares for any purpose, nor shall anything contained herein be construed to confer upon the holder of this Security, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of stock, reclassification of stock, change of par value, consolidation, merger, conveyance, or otherwise) or to receive notice of meetings, or to receive dividends or subscription rights or otherwise until the Security shall have been converted and the Shares issuable upon the conversion hereof shall have become deliverable, as provided herein.

7. ***Expiration.*** In the event this Security is not converted in connection with a Qualified Equity Financing, this Security will expire and shall no longer be convertible upon the earlier to occur of:

(a) 5:00 p.m., California local time, on the ten year anniversary of the Issuance Date set forth on the first page hereof;

(b) A Change of Control; or

(c) The initial public offering of the Company's common stock (the "**IPO**"); provided, however, that the holder may elect to convert this Security into shares of the Company's common stock at price per share equal to the price to the public of the common stock in the offering. The Company shall provide the holder at least twenty (20) days prior written notice of an IPO.

#### 8. ***General Provisions***

(a) **Notices.** Any notice, request or other communication required or permitted to be given by either the Company or the holder (a "**Notice**") must be in writing. Notices may be sent by electronic mail (and, if necessary, by U.S. mail (First Class)).

(b) **Governing Law.** This Agreement shall be governed by the internal substantive laws, but not the choice of law rules, of Delaware.

(c) Severability. Should any provision of this Security be found to be illegal or unenforceable, the other provisions will nevertheless remain effective and enforceable to the greatest extent permitted by law.

(h) Counterparts. This Security may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same agreement. Electronic copies of signed signature pages shall be binding originals.

The Company has caused this Security to be issued to PARTY1 as of the date set forth on the first page hereof.

**THE COMPANY:**