



NewCo

Principal Terms of a Convertible Debt Term Sheet

Excell Partners Inc.

Amount of Financing:	\$_____ as part of a \$_____ total raise
Types of Investment:	Convertible Debt
Interest:	____.0% compounded annually
Maturity:	Two years following the issuance of the Note, provided however, Excell Partners reserves the right to extend the Maturity Date to a date no later than 36 months after the issuance of the Note without the Company's consent.
Payment of Principal and Interest:	Principal and accrued interest is due and payable in a single installment at Maturity.
Prepayment:	None, without the consent of Excell Partners.
Optional Conversion:	For principal amount and accrued interest: <ul style="list-style-type: none">i) In a Round A Financing, greater than \$XM, X% discountii) In a Seed or Angel Round, at or greater than \$XK, which occurs at or more than 6 months after issuance of note (assuming stock is issued) then X% discountiii) In a Seed or Angel Round, at or greater than \$XK, which occurs within 6 months after issuance of note (assuming stock is issued) then Excell converts equallyiv) If none of the above nor a change in control or ipo has occurred prior to Maturity Date, then Excell has option to convert to convertible participating preferred stock (with 1X liquidation preference, weighted average anti-dilution protection) equal to X% equity in the company, on a fully diluted basis.v) If none of the above has occurred prior to Maturity Date, but a change in control or ipo is about to occur, then Excell has option to convert prior to liquidation, to convertible preferred stock (with 1X liquidation preference) or, at is election, common stock, in either event equal to X% equity in the

company, on a fully diluted basis.

- NY Presence:** Company must maintain a significant presence in New York State for a period of three (3) years after the date of issuance of the Note. If NewCo leaves New York State within first year (other than because of an acquisition), the Transfer Fee shall be equal to 50% of the Funding Amount. The Transfer Fee shall decline by 25% each year, calculated on a pro rata basis each month.
- Reporting Requirements:** Quarterly company performance reports during the project period; annual performance reports and annual unaudited financial information for a period of 3 years from repayment or liquidation.
- Board Representation:** One non-voting observer until repayment of note, a Liquidation Event, or Round A investors hold a voting seat.
- Conditions:** Successful completion of due diligence including:
- Project Plan
 - Status of Patents and License Agreements
 - List of Co-investors and Additional Sources of Financing
 - At Least Two Contacts for Technology/Opportunity Validation
 - Capitalization Table
- Expiration:** These terms will expire on XX, 200X