

CONVERTIBLE DRAWDOWN PROMISSORY NOTE

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT WITH RESPECT TO THE SECURITY, FILED AND MADE EFFECTIVE UNDER THE SECURITIES ACT OF 1933, AS AMENDED AND SUCH APPLICABLE STATE SECURITIES LAWS, OR UNLESS THE ISSUER RECEIVES AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER TO THE EFFECT THAT REGISTRATION UNDER SUCH ACT AND SUCH APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED.

Up to \$XX,000.00
(the “**Note Amount**”)

_____, 20__

FOR VALUE RECEIVED, [ISSUER NAME], a [State of Organization] [type of entity] (together with its successors and assigns, “**Issuer**”) promises to pay to the order of **CONNECTICUT INNOVATIONS, INCORPORATED** (“**CII**” and together with its successors, transferees and assigns, “**Holder**”), on _____, 20__¹ (the “**Maturity Date**”), unless converted pursuant to Section 9, and subject to acceleration as provided in Section 5, demand as provided in Section 2(c) and redemption as provided in Section 8, the principal sum of up to _____ **AND NO/100 DOLLARS (\$____,000.00)** or, if less, the aggregate unpaid principal amount outstanding on the Maturity Date, together with interest as provided below in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. The outstanding principal amount of this Convertible Drawdown Promissory Note (this “**Note**”) shall bear interest accruing from the date of issuance (unless otherwise set forth herein) to the date this Note shall have been converted or repaid in full at the rate of eight percent (8%) per annum (or, if higher, the interest rate per annum in any other outstanding promissory note issued by the Issuer, which interest rate shall be applied hereunder only as long as such other promissory note is outstanding), subject to adjustment as set forth below. All computations of interest payable hereunder (including interest at the Default Rate, as defined and set forth below) shall be on the basis of a 360-day year and actual days elapsed in the period for which such interest is payable, and compounded annually. Overdue principal and, to the extent permitted by applicable law, overdue interest and fees or any other amounts payable under this Note shall bear interest from and including the due date thereof until paid, payable on demand, at a rate per annum equal to fifteen percent (15%) or the highest interest rate permitted by applicable law, whichever is lower (the “**Default Rate**”). Upon an Event of Default, the outstanding principal amount hereof shall bear interest at the Default Rate until such time as the Event of Default has been cured.

The Holder shall extend a loan (the “**Loan**”) in one or more advances (each an “**Advance**”) in the aggregate amount of up to the Note Amount. By issuance of this Note, the Issuer hereby acknowledges receipt from the Holder of an initial Advance in the amount of \$_____. After the initial Advance, subsequent Advances shall be made at the discretion of the Holder pursuant to the terms and conditions of this Note. Whenever Issuer desires to obtain a subsequent Advance, Issuer shall notify the Holder by written notice of borrowing, in the form attached hereto as **Exhibit A**, received no later than 10:00 a.m. (Hartford, Connecticut Time) on the date which is three (3) business days before the day on which such subsequent Advance is to be made. Each such notice of borrowing shall be accompanied by a signed and delivered Compliance Certificate, in the form attached hereto as **Exhibit B**, as a condition to making any such Advance. At the reasonable request of the Holder, and as a condition to such applicable subsequent Advance, the Issuer shall provide documentation (in a form reasonably acceptable to Holder) evidencing the costs and expenses for which such subsequent Advance is to be used. Upon receipt of Advances with an aggregate principal amount of the Note Amount, the Issuer shall not thereafter have any right to request any further Advances. The Issuer shall use the proceeds of the Loan solely for the purposes set forth in **Exhibit C** hereto. Without limiting the foregoing, the Issuer shall not use the proceeds of this Note for any other purposes, including without limitation the repayment of any indebtedness.

Issuer and endorers of this Note waive presentment, protest, notice of non-payment and any and all lack of diligence or delays in collection or enforcement of this Note. Any deposits, securities or other property of Issuer which at any time are in the possession or control of the Holder hereof may be held and treated as collateral security for the payment of all sums due hereunder, and the Holder hereof shall have a lien thereon and right to set off the same against any sums due hereunder.

Issuer shall keep at its principal office a register in which shall be entered the name and address of the registered holder of this Note and of all transfers of this Note.

1. Definitions. The following terms (except as otherwise expressly provided) for all purposes of this Note shall have the respective meanings specified below. The terms defined in this Section 1 include the plural as well as the singular.

¹ 2 years from date of issuance.

“**Affiliate**” means a Person (other than a subsidiary) (1) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the Issuer, (2) which beneficially owns or holds 5% or more of any class of the voting stock or other equity interest of the Issuer or (3) 5% or more of the voting stock (or in the case of a Person which is not a corporation, 5% or more of the equity interest) of which is beneficially owned or held by the Issuer or one of its subsidiaries. The term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“**Agreements**” means this Note and any and all other agreements between the Issuer and Holder and instruments issued by the Issuer to the Holder.

“**Bankruptcy Law**” means Title 11 of the U.S. Code or any similar federal or state law for the relief of debtors.

“**Change-In-Control Event**” means any event pursuant to which (a) any Person alone or Persons acting as a group acquires all or substantially all of the assets of the Issuer by sale, exclusive license or otherwise, or (b) any Person alone or Persons acting as a group (other than the shareholders/equity holders of the Issuer existing as of the date hereof) by merger, consolidation or otherwise shall become the beneficial owner(s) of greater than an aggregate of 50% of the Issuer’s outstanding voting capital stock or other equity interests (other than in connection with a Qualified Financing), or (c) the IPO.

“**Charter Documents**” means the Certificate of Incorporation, Certificate of Formation or Articles of Organization (or any of their equivalents, and as applicable to the Issuer’s type of entity) and Bylaws or Operating Agreement (or any of their equivalents, and as applicable to the Issuer’s type of entity) of the Issuer, as amended and/or restated from time to time.

“**Custodian**” means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

“**Default**” means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

“**Discount Percentage**” means 75%.

“**Equity Security**” means any capital stock or other equity interest (including the common stock/equity interests and Preferred Equity) of the Issuer, whether now authorized or not, and options, warrants or rights to purchase capital stock or other equity interests, and securities of any type whatsoever that are, or may become, convertible into capital stock or other equity interests, including convertible promissory notes.

“**Event of Default**” is defined in Section 5.

“**IPO**” means the Issuer’s first underwritten public offering of its Equity Securities under the Securities Act of 1933, as amended.

“**Liquidation Event**” means any event pursuant to which (a) any Change-In-Control Event, or (b) any dissolution or winding-up of the Issuer.

“**Material Adverse Effect**” means a material adverse effect (a) on the condition, financial or otherwise, or operations of the Issuer (individually or taken as a whole), (b) that impacts the Issuer’s ability to perform its obligations under this Note and/or (c) which is so adverse as to fundamentally impair the value of Issuer’s business.

“**Notice of Default**” is defined in Section 5.

“**Outstanding Amount**” means, as of any time, the sum of (x) the outstanding principal amount of this Note, existing as of such time, plus (y) the accrued and unpaid interest on the outstanding principal amount of this Note, existing as of such time.

“**Permitted Transferee**” means: (a) any Affiliate of the Holder (other than any investment portfolio company of the Holder that is an Affiliate); (b) any successor of the Holder by consolidation, merger or transfer of assets of the Holder; (c) the then existing members, shareholders, Affiliates or other investors in the Holder in connection with the dissolution or winding-up of the Holder; (d) any Person in connection with any consolidation or reorganization of the Holder directly or indirectly with or into one or more other investment vehicles; or (e) solely with respect to CII, (i) any governmental or quasi-governmental agency of the State of Connecticut or governmental unit of the State of Connecticut, or (ii) any successor or replacement agency (or other entity) of the State of Connecticut for CII.

“**Person**” means any individual, corporation, limited liability company, association, partnership, limited partnership, trust or estate, or government (or any agency or political subdivision thereof), or any other entity.

“**Preferred Equity**” means any series of preferred stock or other equity interests of the Issuer which are authorized as of the date hereof or which may at any time thereafter be authorized from time to time.

“**Qualified Financing**” means (i) any financing of the Issuer after the date hereof in which the Issuer issues any Equity Securities to any venture capital, institutional or other investor(s) or (ii) the IPO.

“**Related Party**” means any officer, director, significant employee or consultant of the Issuer or any holder (other than CII) of 2% or more of any class of Equity Securities of the Issuer or any member of the immediate family of any such officer, director, employee, consultant or stockholder/holder of Equity Securities or any entity controlled by any such officer, director, employee, consultant or stockholder/holder of Equity Securities or by a member of the immediate family of any such officer, director, employee, consultant or stockholder/holder of Equity Securities.

2. **Payment of Principal.**

(a) **Payment Obligation.** No provision of this Note (other than the conversion provisions) shall alter or impair the obligations of the Issuer, which are absolute and unconditional, to pay the principal of this Note and the interest thereon at the place, times and rate, and in the currency, herein prescribed.

(b) **Prepayment.** Other than as provided herein, neither this Note nor any Advance shall be subject to any prepayment by the Issuer without the prior written consent of the Holder; and, in the event that the Holder so consents to any such prepayment of any Advance, the Issuer shall not have the right to re-borrow any such prepaid amounts.

(c) **Liquidation Event.** Notwithstanding the foregoing, upon a Liquidation Event, the Holder shall have the option, at its sole discretion, to demand payment from the Issuer of an amount equal to the greater of: (i) two (2) multiplied by the Outstanding Amount existing as of the date of payment thereof; provided that, if any other outstanding promissory note issued by the Issuer is due and payable upon a Liquidation Event at a higher multiple than two (2) times outstanding principal and interest, then such higher multiple shall apply to this Note; or (ii) a dollar amount that would be payable as a holder of the Issuer’s then most senior class of Equity Securities (with respect to liquidation preferences) if this Note, and the Outstanding Amount existing as of the date of payment thereof, had been converted into shares of such Equity Securities immediately prior to such Liquidation Event at a conversion price per share equal to the Discount Percentage multiplied by the price per Equity Security of the Issuer based upon a valuation attributable to the Issuer in such Liquidation Event, on a fully-diluted, as-converted basis.

3. **Loan.**

(a) **Maturity Date.** Unless sooner paid or converted in accordance with the terms hereof, all outstanding principal hereof and accrued and unpaid interest hereon shall be paid on the Maturity Date two years from date of loan.

(b) **Security.** Effective upon an Event of Default, the payment and performance obligations of Issuer under this Note shall be secured by a first priority security interest on all assets of the Issuer granted to the Holder pursuant to that certain Security Agreement between the Holder and Issuer dated as of the issuance date of this Note (as amended and in effect).

4. **Representations, Warranties and Covenants.**

(a) **Representations and Warranties.** In connection with the issuance of this Note, and the funding of each Advance, the Issuer hereby makes the following representations and warranties as of the date of this Note to the Holder, and as of the date of funding of each Advance, subject, however, to those exceptions set forth in **Exhibit E** to this Note (the “**Disclosure Schedule**”):

(i) The Issuer is duly organized, validly existing and in good standing under the laws of the state of its formation. The Issuer has all requisite power to own the properties owned by it and to conduct the business as it is being conducted by it and as currently contemplated by it.

(ii) The Issuer has all requisite corporate, company or other such legal power (as applicable) to enter into this Note and the other Agreements, and has all requisite corporate power to issue and sell this Note (and upon conversion of this Note, the issuance of the Equity Securities into which this Note is converted) and to carry out and perform its obligations under the terms of this Note and the other Agreements.

(iii) Except as set forth in the Disclosure Schedule, the Issuer has good and marketable title in fee simple to such of its fixed assets as are real property, and good and merchantable title to all of its other assets now carried on its books, free of any mortgages, pledges, charges, liens, security interests or other encumbrances. The Issuer owns or has a valid license right to use all (A) permits, licenses and other similar authority, (B) patents, patent applications, patent rights, service marks, trademarks, trademark applications, trademark rights, trade names, trade name rights and copyrights (whether registered or not), and (C) know-how, technology and trade secrets, which are now used or are currently planned to be used in the Issuer's business as now conducted or as planned to be conducted, free of any mortgages, pledges, charges, liens, security interests or other encumbrances.

(iv) The Issuer has all governmental approvals, authorizations, consents, licenses and permits necessary or required to conduct its business as presently conducted or as proposed to be conducted which if not obtained could reasonably be expected to have a Material Adverse Effect. The Issuer is presently and at all times since inception has been in all respects in compliance with all federal, state and local laws, all foreign laws, and all ordinances, regulations and orders applicable to its business, the failure to comply with which could reasonably be expected to have a Material Adverse Effect; and all such licenses and permits are in full force and effect and no violations exist in respect of any such licenses or permits and no proceeding is pending or threatened to revoke or limit any thereof.

(v) The Issuer is not in default (A) under its Charter Documents, in each case as amended, or (B) under any agreement, order or other instrument to which the Issuer is a party or by which it or any of its property is bound or affected and which may have a Material Adverse Effect or (C) with respect to any order, writ, injunction or decree of any court or any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, and to the knowledge of the Issuer, there exists no condition, event or act which constitutes, or which after notice, lapse of time or both could constitute, such a default.

(vi) Neither the Issuer nor any Related Party has provided to any employee of CII on or after July 1, 2005, any items of value for which full payment has not been made. In connection with the application for, and solicitation and award of, the financial assistance provided pursuant to this Note, neither the Issuer nor any Related Party committed any violation of the Connecticut Codes of Ethics for Public Officials and Lobbyists, Chapter 10 of the Connecticut General Statutes (the "**Code of Ethics**") or intentionally and knowingly violated any applicable requirement of the request for proposals or other applicable law. Neither the Issuer nor any Related Party has been found to have violated the Code of Ethics or Section 4a-100 of the Connecticut General Statutes, or has been suspended or disqualified from bidding on contracts with the State of Connecticut or any department, agency or quasi-public agency thereof.

(vii) The Issuer and each of its Affiliates is in compliance with any applicable anti-money laundering and terrorist financing laws, including the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "**USA Patriot Act**") and the U.S. Bank Secrecy Act (the "**BSA**") and applicable regulations adopted to implement the provisions of such laws, including policies and procedures that can be reasonably expected to detect and cause the reporting of transactions under Section 5318 of the BSA. The Issuer and each of its Affiliates is not a person or entity that: (A) is acting, directly or indirectly, on behalf of terrorists or terrorist organizations, including those persons or entities that are included on any of the applicable lists issued by the U.S. Office of Foreign Assets Control ("**OFAC**"); (B) resides or has a place of business in a country or territory named on any of such lists or which is designated as a Non-Cooperative Jurisdiction by the Financial Action Task Force on Money Laundering ("**FATF**"); (C) is a "**Foreign Shell Bank**" within the meaning of the USA Patriot Act; or (D) resides in or are organized under the laws of a jurisdiction designated by the U.S. Secretary of the Treasury under Sections 311 or 312 of the USA Patriot Act as warranting special measures due to money laundering.

(viii) As of the date of funding of each Advance, (A) the Issuer has at least majority of its employees working in the State of Connecticut, and (B) the Issuer has received private investment dollars in an aggregate amount that is at least fifty percent (50%) of the amount of such Advance.

(ix) The Issuer does not have any effective deferred compensation plan, agreement or arrangement with any of its employees, including any "nonqualified deferred compensation plan" (as such term is defined under Section 409A(d)(1) of the U.S. Internal Revenue Code of 1986, as amended, and the regulations and guidance thereunder), under which the Issuer makes, is obligated to make or promises to make, payments of deferred compensation/salary to its employees (each, a "**Deferred Compensation Plan**").

(b) **Covenants.** In connection with the issuance of this Note, the Issuer hereby agrees to comply, so long as any amounts or obligations remain due and outstanding under this Note or any other Agreement, with the following covenants (in addition to any and all other covenants and obligations set forth in this Note):

(i) The Issuer will promptly pay and discharge, or cause to be paid and discharged, when due and payable, all lawful taxes, assessments and governmental charges or levies imposed upon the income, profits, property or business of the Issuer or any subsidiary of the Issuer; provided, however, that the Issuer shall be entitled to delay payment of such taxes for any period during which the Issuer is disputing, in good faith, the validity of such taxes provided that the Issuer shall maintain reasonably appropriate reserves therefor.

(ii) The Issuer will keep its properties in good repair, working order and condition, and from time to time make all needful and proper, or legally required, repairs, renewals, replacements, additions and improvements thereto; and the Issuer and the Issuer's subsidiaries, if any, will at all times comply with each provision of all leases to which any of them is a party or under which any of them occupies, or has possession of, any property.

(iii) The Issuer shall duly observe and conform to all requirements of governmental authorities relating to the conduct of its business or to its property or assets.

(iv) The Issuer shall maintain in full force and effect its corporate/company/such other legal existence, rights, government approvals and franchises, and all licenses and all applications and registrations for its intellectual property, except if the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(v) The Issuer shall use its commercially reasonable efforts to create jobs in the State of Connecticut and employ residents of Connecticut in connection with such jobs. If the Issuer is located in an enterprise zone designated pursuant to Section 32-70 of the Connecticut General Statutes, the Issuer shall not relocate (as that term is defined in Section 32-5a of the Connecticut General Statutes) within the State of Connecticut without first obtaining the express written consent of CII, which shall not be unreasonably withheld or delayed. If the Issuer relocates within the State of Connecticut, it shall offer employment at its new location to its employees from the original location if such employment is available. The Issuer shall furnish to CII copies of the quarterly reports filed by the Issuer and any of its subsidiaries with the Connecticut Department of Labor and upon request, employment records and such other personnel records to the extent permitted by law as CII may reasonably request to verify the creation or retention of Connecticut employment. The Issuer hereby authorizes CII to examine, and shall at any time at the request of CII provide CII with such additional authorization satisfactory to the Connecticut Department of Labor as may be necessary to enable CII to examine all records of said Department relating to the Issuer and/or any of its Subsidiaries. The Issuer shall furnish to CII, as soon as practicable after the end of each quarterly accounting period in each fiscal year of the Issuer, and in any event within thirty (30) days thereafter, a copy of the Issuer's Connecticut Department of Labor Quarterly UC-5A Employee Earnings Report for such quarter.

(vi) The Issuer agrees and warrants that it is an equal opportunity employer and that it does not unlawfully discriminate. The Issuer further agrees and warrants that: (A) the Issuer shall not discriminate or permit discrimination against any employee or applicant for employment on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, mental retardation, sexual orientation or physical disability, including, but not limited to, blindness, unless the Issuer determines that such disability prevents performance of the work involved, in any manner prohibited by the laws of the United States or of the State of Connecticut; (B) the Issuer agrees to take affirmative action to insure that applicants with job-related qualifications are employed; (C) the Issuer shall, in its solicitation for employees, state that it is an "affirmative action-equal opportunity employer"; (D) the Issuer agrees to provide each labor union or representative of workers with which the Issuer has a collective bargaining agreement or other contract or understanding and each vendor with which the Issuer has a contract or understanding a notice to be provided by the Commission of Human Rights and Opportunities (the "CHRO") and to post copies of the notice in conspicuous places available to employees and applicants for employment; (E) the Issuer agrees to cooperate with CII, the State of Connecticut and/or any of its agencies and the CHRO to insure that the purpose of this equal opportunity clause is being carried out; (F) the Issuer agrees to comply with all relevant regulations and orders issued by the CHRO, to provide the CHRO with such information as it may request and to permit the CHRO access to pertinent books, records and accounts concerning the contractor's employment practices and procedures; (G) the Issuer agrees to comply with all of the requirements set out by Section 4a-60 and 4a-60a of the Connecticut General Statutes, as it may be amended; and (H) the Issuer agrees to post a notice of this acceptance of the foregoing equal employment opportunity provisions at its place of business, clearly visible, in such form as is satisfactory to CII.

(c) **Protective Provisions.** So long as any amounts or obligations remain due and outstanding under this Note or any other Agreement, the prior written consent of the Holder shall be required before the Issuer may:

(i) merge or consolidate into or with any other entity, sell all or substantially all of the Issuer's assets, or effect a liquidation of the assets of the Issuer, a wind up of its business, a dissolution of the Issuer, a sale or tender offer for any Equity Security of the Issuer, or a recapitalization, reorganization or consolidation of the Issuer; or

(ii) sell, transfer, assign or exclusively license, or grant any mortgages, pledges, charges, liens, security interests or other encumbrances upon or against, any assets (including intellectual property) of the Issuer, except for the granting of licenses to its intellectual property in the ordinary course of business; or

(iii) acquire or exclusively license any intellectual property, technology or other assets of or from any Person, except for licenses granted by the Issuer to end-using customers of the Issuer in the ordinary course of business; or

(iv) engage in, directly or indirectly, any activity which is inconsistent with or materially alter the Issuer's then-existing business plan or strategy.

(d) **Financial Statements; Information.**

(i) Concurrently with the issuance of this Note, and, thereafter, promptly after the reasonable request of the Holder, the Issuer shall deliver to the Holder consolidated (and consolidating) financial statements (including balance sheets, cash flow statements and statements of income), bank statements and tax returns of the Issuer for any fiscal year or other fiscal period requested by the Holder. Furthermore, the Issuer shall deliver to the Holder any other information or materials regarding the Issuer (financial or otherwise) as reasonably requested in writing by the Holder from time to time.

(ii) The Issuer shall promptly, but in any event within three (3) business days of occurrence, notify the Holder of any of the following events: (A) the purchase, lease or other acquisition of capital or other equity interest in any other Person, or the lending of money to any Person, or the purchase of a substantial part of the operating assets of any Person; or (B) the declaration, authorization or payment of any dividends or the redemption or repurchase of any outstanding Equity Securities, other than customary redemptions of Equity Securities from employees, consultants and/or directors upon termination of employment/service; or (C) the entering into, authorization or other effecting of, any Deferred Compensation Plan; or (D) the entering into, the authorization, altering or other effecting of, any other employment, salary, compensation or benefit plan or agreement with any member of the Issuer's senior management, including, without limitation, any President, Chief Executive Officer, Chairman, Treasurer, Chief Financial Officer, Chief Operating Officer, and/or Chief Technology Officer.

(e) **Campaign Contribution Restrictions.** The Issuer hereby acknowledges notice regarding campaign contribution and solicitation ban attached to this Note as **Exhibit D**, acknowledges receipt thereof and agrees to comply with the requirements described therein.

(f) **Legal Fees and Expenses.** The Issuer shall bear its own expenses and legal fees incurred on its behalf with respect to this Note, the other Agreements and the transactions contemplated hereby and thereby. The Issuer shall also pay the reasonable legal fees and the fees of experts and consultants engaged by the Holder incurred with respect to this Note and the transactions contemplated hereby, and the enforcement of any of this Note or any other Agreement, and in connection with responding to any request made by the Issuer for the consent of the Holder to any action that the Issuer wishes to take that is either barred under terms of any Agreement or requires the consent of Holder therefor.

(g) **Indemnification.** The Issuer, with respect to the representations, warranties and agreements made by the Issuer in this Note or any other Agreement, or in any certificate or other instrument delivered by it pursuant hereto or in connection with the transactions contemplated hereby or thereby, shall indemnify, defend and hold the Holder harmless against all liability, loss or damage, together with all reasonable costs and expenses related thereto (including legal and accounting fees and expenses), arising from the untruth, inaccuracy or breach (or any facts or circumstances constituting such untruth, inaccuracy or breach) of any such representations, warranties or agreements of the Issuer.

5. **Events of Default and Remedies.** In case one or more of the following events (each an "Event of Default" and collectively the "Events of Default") (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) shall have occurred and be continuing:

(a) default in the payment of all or any part of the principal of and interest on this Note when the same shall become due and payable, at maturity, upon any redemption, by declaration, demand or otherwise for a period of ten (10) days after the Issuer's receipt of written notice from Holder specifying such failure, stating that such notice is a "Notice of Default" hereunder and demanding that the Issuer remedy the same;

(b) failure on the part of the Issuer duly to observe or perform any other material covenants or agreements on the part of the Issuer contained in any of the Agreements (other than those covered by clause (a) above) for a period of thirty (30) days (fifteen

(15) days if such failure causes a Material Adverse Effect) after the Issuer's receipt of written notice from Holder specifying such failure, stating that such notice is a "**Notice of Default**" hereunder and demanding that the Issuer remedy the same;

(c) the Issuer shall fail to make any payment in respect of any debt in excess of \$10,000 individually or \$25,000 in the aggregate for all such debt when due or within any applicable grace period or any event or condition shall occur which results in the acceleration of the maturity of any debt or enables or, with the giving of notice or lapse of time or both, would enable the holder of such debt or any Person acting on such holder's behalf to accelerate the maturity thereof if such acceleration would constitute a Material Adverse Effect, and such event is not corrected by the Issuer within fifteen (15) days after the occurrence of any such foregoing acts/omissions/events;

(d) a judgment or order (not covered by insurance) for the payment of money shall be rendered against the Issuer in excess of \$10,000 individually or \$25,000 in the aggregate for all such judgments or orders (treating any deductibles, self insurance or retention as not so covered) and such judgment or order shall continue unsatisfied and unstayed for a period of thirty (30) days;

(e) any representation, warranty or statement of fact made by the Issuer in any of the Agreements or any other agreement, schedule, confirmatory assignment or otherwise in connection with the transactions contemplated hereby shall when made or deemed made be false or misleading in any material respect; provided, however, that such failure shall not result in an Event of Default to the extent it is corrected by the Issuer within a period of thirty (30) days, (fifteen (15) days if such failure causes a Material Adverse Effect) after the Issuer's receipt of written notice from the Holder specifying such failure, stating that such notice is a "**Notice of Default**" hereunder and demanding that the Issuer remedy same;

(f) the Issuer pursuant to or within the meaning of any Bankruptcy Law: (i) commences a voluntary case or proceeding, (ii) consents to the entry of an order for relief against it in an involuntary case or proceeding, (iii) consents to the appointment of a Custodian for the Issuer or for all or substantially all of the property of the Issuer, (iv) makes a general assignment for the benefit of its creditors or (v) admits in writing its inability to pay its debts as the same become due;

(g) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that: (i) is for relief against the Issuer in an involuntary case, (ii) appoints a Custodian for the Issuer or for all or substantially all of the property of the Issuer or (iii) orders the liquidation of the Issuer, and such order or decree remains unstayed and in effect for twenty (20) days; or

(h) a Change-In-Control Event occurs; then, in each case where an Event of Default occurs (other than an Event of Default specified in Section 5(f) or (g)), the Holder, by notice in writing to the Issuer (the "**Acceleration Notice**"), may, in its sole discretion, declare the outstanding principal under this Note plus all accrued and unpaid interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable; provided that if an Event of Default specified in Section 5(f) or (g) occurs, the outstanding principal under this Note plus all accrued and unpaid interest thereon shall become and be immediately due and payable without any declaration or other act on the part of the Holder; and provided further that upon a breach of the Connecticut Presence covenant of Section 8, the Holder may, at its discretion exercise its right to have this Note redeemed pursuant to the provisions set forth in Section 8 hereof, and, upon such election, this Note shall be so redeemed pursuant thereto; and provided further that if the Note is accelerated as a result of Section 5(h), the Issuer shall repay the Note pursuant to the provisions set forth in Section 2(c) hereof.

6. Powers and Remedies Cumulative; Delay or Omission Not Waiver of Default. No right or remedy herein conferred upon or reserved to the Holder is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy. No delay or omission of the Holder to exercise any right or power accruing upon any Default or Event of Default occurring and continuing as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such Default or Event of Default or an acquiescence therein; and every power and remedy given by this Note or by law may be exercised from time to time, and as often as shall be deemed expedient, by the Holder.

7. Waiver of Past Defaults. The Holder may waive any past Default or Event of Default hereunder and its consequences. In the case of any such waiver, the Issuer and the Holder shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon. Upon any such waiver, such Default or Event of Default shall cease to exist and be deemed to have been cured and not to have occurred, and any Default or Event of Default arising therefrom shall be deemed to have been cured, and not to have occurred for every purpose of this Note, and the interest rate hereon shall not be deemed to have increased; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

8. Connecticut Presence. Notwithstanding any other provision of this Agreement, as long as CII owns all or any portion of this Note or any other securities of the Issuer (including any Equity Securities into which this Note may be converted) that are not

freely saleable to the public pursuant to a public registration (including until the termination or expiration of any applicable underwriter's lock-up agreement to which CII is a party), the Issuer shall not relocate (as that term is defined in Section 32-5a of the Connecticut General Statutes) outside of the State of Connecticut and shall maintain a Connecticut Presence (as defined below). Upon the Issuer's breach of the foregoing covenant to maintain a Connecticut Presence or upon the taking of any action by the management (including the Board of Directors, Managers, stockholders, members and/or other holders of Equity Securities of the Issuer) of the Issuer to authorize any such cessation of Connecticut Presence in breach of this Section 8, CII shall have the option, at its sole discretion, to demand payment from the Issuer of an amount equal to two (2) multiplied by the sum of (x) the outstanding principal amount of this Note, existing as of the date of payment thereof, plus (y) the accrued and unpaid interest on the outstanding principal amount of this Note, existing as of the date of payment thereof. A "**Connecticut Presence**" means (a) maintaining the Issuer's principal place of business in the State of Connecticut, (b) basing a majority of the Issuer's employees and those of its subsidiaries in the State of Connecticut, (c) basing the Issuer's operational functions, including customer service and research and development, in the State of Connecticut and (d) conducting a majority of the Issuer's administrative functions in the State of Connecticut. For purposes of determining whether the Issuer is in compliance with this Connecticut Presence covenant, the assets, revenues and employees of any business acquired by the Issuer on an arm's-length basis from a non-affiliate of the Issuer (provided such acquired business had been operating for at least one (1) year prior to the acquisition) shall be excluded and disregarded. In addition, it shall not constitute a violation of this covenant if the Issuer ceases to maintain a Connecticut Presence by virtue of an acquisition of the Issuer in connection with which CII receives 200% repayment of all principal and interest outstanding under the Note.

9. Conversion. The Holder reserves the right to participate in any Qualified Financing, and, in addition to the foregoing, shall have the right to participate in any Qualified Financing by converting this Note pursuant to the provisions of this Section 9.

(a) If, prior to the repayment of this Note in full, or the acceleration of this Note in accordance with the provisions of Section 2(c) or 5, or redemption of this Note pursuant to Section 8, the Issuer shall close a Qualified Financing, then upon and at any time after the closing of such Qualified Financing, the Holder shall have the option, at its sole discretion, and upon written notice from the Holder to the Issuer, to have all of the outstanding principal balance of this Note and all of the accrued and unpaid interest hereon be converted into fully paid and non-assessable shares/units of such series and class of Equity Securities issued by the Issuer in the Qualified Financing on the same terms and conditions as other purchasers of such series and class of Equity Securities in such Qualified Financing, provided that such conversion shall be at a conversion price per share/unit equal to the lowest price per share/unit of such series and class of Equity Securities issued in the Qualified Financing multiplied by the Discount Percentage.

(b) If this Note shall be so converted as provided above, the Issuer shall provide Holder at the time of such conversion with the following covenants and rights:

(i) such Connecticut Presence covenant, and put rights related thereto, as CII may require in connection with its equity investment, and the Issuer shall sign such Connecticut Presence and Put Agreement as shall be provided by CII to the Issuer in connection therewith; and

(ii) rights and preferences no less favorable than those granted to any other purchaser of such series and class of Equity Securities into which this Note shall be converted, including, but not limited to, preemptive rights, voting and information rights, anti-dilution rights and registration rights.

(c) Upon the conversion of this Note and all accrued and unpaid interest thereon pursuant to this Section 9, no fractional shares/units or scrip representing fractional shares/units shall be issued. With respect to any fraction of a share/unit called for upon the conversion of this Note or any portion thereof and all accrued and unpaid interest thereon, a cash amount equal to such fraction shall be paid to the Holder.

(d) Issuer shall give notice to the Holder of any prospective Qualified Financing or Liquidation Event as soon as practicable prior to any closing thereof, but, in any event, no later than that date which is fifteen (15) days prior to any such closing. Such notice shall specify the anticipated date of the closing, the number of shares/units which may be issuable to Holder upon the conversion of this Note, and the amount of cash adjustment which may be payable in respect of any fractional interest in the shares/units.

10. Assignment of Note; Right of First Refusal. The Holder may assign, transfer, sell or otherwise dispose ("**Transfer**") of its right, title or interest in this Note, provided that, with respect to any Transfer to any Person other than the Issuer or a Permitted Transferee, the Holder shall deliver to the Issuer thirty (30) days' prior written notice of such proposed Transfer, and the Issuer shall have the first right and option, during such 30-day period, to purchase this Note at the purchase price and on the other terms stated in the aforementioned notice from the Holder. Any such acceptance by the Issuer shall be made by delivery of a written notice of exercise to the Holder within the aforesaid 30-day period. The closing of the Issuer's purchase of this Note pursuant to the foregoing shall be on a mutually satisfactory business day within the ten (10) day period after the expiration of the aforesaid 30-day period. For

avoidance of doubt, the foregoing rights of first refusal shall not apply with respect to Transfers by the Holder to the Issuer or any Permitted Transferee.

11. **Modification of Note.** This Note may only be modified with written agreement by both parties.

12. **Notices.** All notices, requests, consents and other communications required or permitted hereunder (including without limitation any Notice of Default or Acceleration Notice) shall be in writing and shall be (i) mailed by first-class, registered or certified mail, postage prepaid, (ii) delivered either by hand or by messenger or commercial overnight delivery service, or (iii) sent via facsimile, computer mail or other electronic means followed by a copy mailed by first class mail, postage prepaid, addressed (a) if to the Holder, at 865 Brook Street, Rocky Hill, CT 06067, or at such other address as the Holder shall have furnished to the Issuer in writing, or (b) if to the Issuer, at the address underneath its signature hereto, or at such other address as the Issuer shall have furnished to the Holder in writing.

13. **No Strict Construction.** The parties hereto have participated jointly in the negotiation and drafting of this Note. In the event an ambiguity or question of intent or interpretation arises under any provision of this Note, this Note shall be construed as if drafted jointly by the parties thereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Note. No knowledge of, or investigation, including without limitation, due diligence investigation, conducted by, or on behalf of, the Holder shall limit, modify or affect the representations set forth in this Note or the right of the Holder to rely thereon.

14. **Jury Waiver; Chapter 903(a) Waiver.**

(a) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ISSUER HEREBY KNOWINGLY AND VOLUNTARILY WAIVES TRIAL BY JURY AND THE RIGHT THERETO IN ANY ACTION OR PROCEEDING OF ANY KIND, ARISING UNDER OR OUT OF, OR OTHERWISE RELATED TO OR OTHERWISE CONNECTED WITH THIS NOTE.

(b) THIS TRANSACTION IS A "COMMERCIAL TRANSACTION" WITHIN THE MEANING OF CHAPTER 903a OF THE CONNECTICUT GENERAL STATUTES, AS AMENDED, AND ISSUER HEREBY VOLUNTARILY AND KNOWINGLY WAIVES ANY RIGHT WHICH ISSUER MIGHT HAVE TO A NOTICE AND HEARING UNDER SECTIONS 52-278a to 52-278g, INCLUSIVE, OF THE CONNECTICUT GENERAL STATUTES, AS AMENDED, OR OTHER APPLICABLE FEDERAL OR STATE LAW, IN THE EVENT THAT HOLDER (OR ITS SUCCESSORS OR ASSIGNS) SEEKS ANY PREJUDGMENT REMEDY IN CONNECTION WITH THIS NOTE.

15. **Miscellaneous.** This Note shall be governed by, and construed and enforced in accordance with, the laws of the State of Connecticut, without regard to any choice of law provisions. The Issuer hereby waives presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Note, except as specifically provided herein, and assents to extensions of the time of payment, or forbearance or other indulgence without notice. The Section headings herein are for convenience only and shall not affect the construction hereof.

Issuer Name: _____

By: _____

Print Name: _____

Title: _____

Address: _____

Exhibit A

Notice of Borrowing

Connecticut Innovations, Incorporated
470 James Street, Suite 8
New Haven, CT 06513

Re: Convertible Drawdown Promissory Note dated _____, 2____ (the "Note")

Ladies and Gentlemen:

Pursuant to the Note, the undersigned hereby requests a subsequent Advance (as defined by the Note) in the amount of \$_____ to be advanced on _____, 20____.

The representations and warranties contained or referred to in the Note are true and accurate on and as of the effective date of the subsequent Advance as though made at and as of such date (except to the extent that such representations and warranties expressly relate to an earlier date).

The proceeds of the subsequent Advance will be used as follows:

Issuer Name: _____

By: _____

Print Name: _____

Title: _____

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Exhibit B

Compliance Certificate

The undersigned, being the duly elected [officer title] of [ISSUER NAME], a [State of Organization] [type of entity] (the “**Issuer**”), hereby certifies on behalf of the Issuer to **CONNECTICUT INNOVATIONS, INCORPORATED** (“**CII**”), in connection with that certain \$_____ advance (the “**Advance**”) extended by CII to the Issuer, which Advance is evidenced by that certain Convertible Drawdown Promissory Note dated _____, 20___ in the principal amount of up to \$_____ (the “**Note**”), as follows:

1. The representations and warranties of the Issuer set forth in Section 4 of the Note are true and correct, as qualified by the Disclosure Schedule attached to the Note as **Exhibit E**, on and as of the date hereof;

2. The Issuer has satisfied all conditions for the extension of the Advance as set forth in the Note that were required to be satisfied by it; and

3. No continuing Default or Event of Default, as respectively defined in the Note, exists as of the date hereof.

IN WITNESS WHEREOF, the undersigned has executed this Compliance Certificate as of _____, 20___.

Print Name:

Title:

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Exhibit C

Use of Proceeds

The Issuer acknowledges and agrees that (a) the proceeds of the Loan may and shall be used exclusively for costs directly incurred for the purpose of development of proof of concept and related support services, and (b) no part of the proceeds of the Loan may or will be (i) used to pay, or to reimburse the Issuer or any other person for the payment of, costs of any kind incurred prior to the funding of the Loan, (ii) used to repay any prior loan, capital contribution or other investment in the Issuer, or (iii) paid or distributed to, or used as the basis for any payment or distribution to, any founder, principal or owner of the Issuer. [(THIS FOLLOWING SECTION IS TAILORED FOR EACH SPECIFIC LOAN - For purposes of this section, "related support services" means start-up expenses related to and necessary for the development of proof of concept, including accounting services, legal services related to intellectual property matters, prototype development, business plan assistance and development, technology reviews, assessment and development, market analysis or market entry strategy development, and consultant and employee costs directly related to the foregoing.)]

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Exhibit D



STATE OF CONNECTICUT STATE ELECTIONS ENFORCEMENT COMMISSION 20 Trinity Street Hartford, Connecticut 06106 – 1628

SEEC FORM 11

NOTICE TO EXECUTIVE BRANCH STATE CONTRACTORS AND PROSPECTIVE STATE CONTRACTORS OF CAMPAIGN CONTRIBUTION AND SOLICITATION BAN

This notice is provided under the authority of Connecticut General Statutes 9-612(g)(2), as amended by P.A. 07-1, and is for the purpose of informing state contractors and prospective state contractors of the following law (*italicized words are defined below*):

Campaign Contribution and Solicitation Ban

No state contractor, prospective state contractor, principal of a state contractor or principal of a prospective state contractor, with regard to a state contract or state contract solicitation with or from a state agency in the executive branch or a quasi-public agency or a holder, or principal of a holder of a valid prequalification certificate, shall make a contribution to, or solicit contributions on behalf of (i) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of Governor, Lieutenant Governor, Attorney General, State Comptroller, Secretary of the State or State Treasurer, (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (iii) a party committee;

In addition, no holder or principal of a holder of a valid prequalification certificate, shall make a contribution to, or solicit contributions on behalf of (i) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of State senator or State representative, (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (iii) a party committee.

Duty to Inform

State contractors and prospective state contractors are required to inform their principals of the above prohibitions, as applicable, and the possible penalties and other consequences of any violation thereof.

Penalties for Violations

Contributions or solicitations of contributions made in violation of the above prohibitions may result in the following civil and criminal penalties:

Civil penalties—\$2000 or twice the amount of the prohibited contribution, whichever is greater, against a principal or a contractor. Any state contractor or prospective state contractor which fails to make reasonable efforts to comply with the provisions requiring notice to its principals of these prohibitions and the possible consequences of their violations may also be subject to civil penalties of \$2000 or twice the amount of the prohibited contributions made by their principals.

Criminal penalties— Any knowing and willful violation of the prohibition is a Class D felony, which may subject the violator to imprisonment of not more than 5 years, or \$5000 in fines, or both.

Contract Consequences

Contributions made or solicited in violation of the above prohibitions may result, in the case of a state contractor, in the contract being voided.

Contributions made or solicited in violation of the above prohibitions, in the case of a prospective state contractor, shall result in the contract described in the state contract solicitation not being awarded to the prospective state contractor, unless the State Elections Enforcement Commission determines that mitigating circumstances exist concerning such violation.

The State will not award any other state contract to anyone found in violation of the above prohibitions for a period of one year after the election for which such contribution is made or solicited, unless the State Elections Enforcement Commission determines that mitigating circumstances exist concerning such violation.

Additional information and the entire text of P.A. 07-1 may be found on the website of the State Elections Enforcement Commission, www.ct.gov/seec. Click on the link to "State Contractor Contribution Ban."

Definitions:

"State contractor" means a person, business entity or nonprofit organization that enters into a state contract. Such person, business entity or nonprofit organization shall be deemed to be a state contractor until December thirty-first of the year in which such contract terminates. "State contractor" does not include a municipality or any other political subdivision of the state, including any entities or associations duly created by the municipality or political subdivision exclusively amongst themselves to further any purpose authorized by statute or charter, or an employee in the executive or legislative branch of state government or a quasi-public agency, whether in the classified or unclassified service and full or part-time, and only in such person's capacity as a state or quasi-public agency employee.

"Prospective state contractor" means a person, business entity or nonprofit organization that (i) submits a response to a state contract solicitation by the state, a state agency or a quasi-public agency, or a proposal in response to a request for proposals by the state, a state agency or a quasi-public agency, until the contract has been entered into, or (ii) holds a valid prequalification certificate issued by the Commissioner of Administrative Services under section 4a-100. "Prospective state contractor" does not include a municipality or any other political subdivision of the state, including any entities or associations duly created by the municipality or political subdivision exclusively amongst themselves to further any purpose authorized by statute or charter, or an employee in the executive or legislative branch of state government or a quasi-public agency, whether in the classified or unclassified service and full or part-time, and only in such person's capacity as a state or quasi-public agency employee.

"Principal of a state contractor or prospective state contractor" means (i) any individual who is a member of the board of directors of, or has an ownership interest of five per cent or more in, a state contractor or prospective state contractor, which is a business entity, except for an individual who is a member of the board of directors of a nonprofit organization, (ii) an individual who is employed by a state contractor or prospective state contractor, which is a business entity, as president, treasurer or executive vice president, (iii) an individual who is the chief executive officer of a state contractor or prospective state contractor, which is not a business entity, or if a state contractor or prospective state contractor has no such officer, then the officer who duly possesses comparable powers and duties, (iv) an officer or an employee of any state contractor or prospective state contractor who has *managerial or discretionary responsibilities with respect to a state contract*, (v) the spouse or a *dependent child* who is eighteen years of age or older of an individual described in this subparagraph, or (vi) a political committee established or controlled by an individual described in this subparagraph or the business entity or nonprofit organization that is the state contractor or prospective state contractor.

"State contract" means an agreement or contract with the state or any state agency or any quasi-public agency, let through a procurement process or otherwise, having a value of fifty thousand dollars or more, or a combination or series of such agreements or contracts having a value of one hundred thousand dollars or more in a calendar year, for (i) the rendition of services, (ii) the furnishing of any goods, material, supplies, equipment or any items of any kind, (iii) the construction, alteration or repair of any public building or public work, (iv) the acquisition, sale or lease of any land or building, (v) a licensing arrangement, or (vi) a grant, loan or loan guarantee. "State contract" does not include any agreement or contract with the state, any state agency or any quasi-public agency that is exclusively federally funded, an education loan or a loan to an individual for other than commercial purposes.

"State contract solicitation" means a request by a state agency or quasi-public agency, in whatever form issued, including, but not limited to, an invitation to bid, request for proposals, request for information or request for quotes, inviting bids, quotes or other types of submittals, through a competitive procurement process or another process authorized by law waiving competitive procurement.

"Managerial or discretionary responsibilities with respect to a state contract" means having direct, extensive and substantive responsibilities with respect to the negotiation of the state contract and not peripheral, clerical or ministerial responsibilities.

"Dependent child" means a child residing in an individual's household who may legally be claimed as a dependent on the federal income tax of such individual.

"Solicit" means (A) requesting that a contribution be made, (B) participating in any fund-raising activities for a candidate committee, exploratory committee, political committee or party committee, including, but not limited to, forwarding tickets to potential contributors, receiving contributions for transmission to any such committee or bundling contributions, (C) serving as chairperson, treasurer or deputy treasurer of any such committee, or (D) establishing a political committee for the sole purpose of soliciting or receiving contributions for any committee. Solicit does not include: (i) making a contribution that is otherwise permitted by Chapter 155 of the Connecticut General Statutes; (ii) informing any person of a position taken by a candidate for public office or a public official, (iii) notifying the person of any activities of, or contact information for, any candidate for public office; or (iv) serving as a member in any party committee or as an officer of such committee that is not otherwise prohibited in this section.

Exhibit E

Disclosure Schedule

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