

NOTE PURCHASE AGREEMENT

This Note Purchase Agreement, dated as of June [], 2014 (this “**Agreement**”), is entered into by and among Wearality Corporation, a Delaware corporation (the “**Company**”), and the entities listed on the schedule of investors attached hereto as **Schedule I** (each an “**Investor**” and, collectively, the “**Investors**”).

RECITALS

A. On the terms and subject to the conditions set forth herein, each Investor is willing to purchase from the Company, and the Company is willing to sell to such Investor, a convertible promissory note in the principal amount set forth opposite such Investor’s name on Schedule I hereto.

B. Capitalized terms not otherwise defined herein shall have the meaning set forth in the form of Note (as defined below) attached hereto as Exhibit A.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing, and the representations, warranties, and conditions set forth below, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Notes.

(a) Issuance of Notes. Subject to all of the terms and conditions hereof, the Company agrees to issue and sell to each of the Investors, and each of the Investors severally agrees to purchase, a convertible promissory note in the form of Exhibit A hereto (each, a “**Note**” and, collectively, the “**Notes**”) in the principal amount set forth opposite the respective Investor’s name on Schedule I hereto. The obligations of the Investors to purchase Notes are several and not joint.

(b) Delivery. The sale and purchase of the Notes shall take place at a closing (the “**Closing**”) to be held at such place and time as the Company and the Investors determine (the “**Closing Date**”). At the Closing, the Company will deliver to each of the Investors the Note to be purchased by such Investor, against receipt by the Company of the corresponding purchase price set forth on Schedule I hereto (the “**Purchase Price**”). Each of the Notes will be registered in such Investor’s name in the Company’s records. Closing may occur via electronic transmission of signature pages; provided, however, that each party will promptly deliver originally executed signature pages to the other party upon request.

(c) Use of Proceeds. The proceeds of the sale and issuance of the Notes shall be used for general corporate purposes.

(d) Payments. The Company will make all cash payments due under the Notes in immediately available funds by 1:00 p.m. Central time on the date such payment is due at the address for such purpose specified below each Investor’s name on Schedule I hereto, or at such

other address, or in such other manner, as an Investor or other registered holder of a Note may from time to time direct in writing.

2. Representations and Warranties of the Company. The Company represents and warrants to each Investor that:

(a) Due Incorporation, Qualification, etc. The Company (i) is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation; (ii) has the power and authority to own, lease and operate its properties and carry on its business as now conducted; and (iii) is duly qualified, licensed to do business and in good standing as a foreign corporation in each jurisdiction where the failure to be so qualified or licensed could reasonably be expected to have a material adverse effect on the Company.

(b) Authority. The execution, delivery and performance by the Company of this Agreement and each Note and the consummation of the transactions contemplated hereby and thereby (i) are within the power of the Company and (ii) have been duly authorized by all necessary actions on the part of the Company.

(c) Enforceability. This Agreement and each Note executed, or to be executed, by the Company have been, or will be, duly executed and delivered by the Company and constitute, or will constitute, legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as may be 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.

(d) Non-Contravention. The execution and delivery by the Company of this Agreement and each Note and the performance and consummation of the transactions contemplated hereby and thereby do not and will not (i) violate the Company's Amended and Restated Certificate of Incorporation or Bylaws (the "**Charter Documents**") or any material judgment, order, writ, decree, statute, rule or regulation applicable to the Company; (ii) violate any provision of, or result in the breach or the acceleration of, or entitle any Person to accelerate (whether after the giving of notice or lapse of time or both), any material mortgage, indenture, agreement, instrument or contract to which the Company is a party or by which it is bound; or (iii) result in the creation or imposition of any lien upon any property, asset or revenue of the Company or the suspension, revocation, impairment, forfeiture, or nonrenewal of any material permit, license, authorization or approval applicable to the Company, its business or operations, or any of its assets or properties.

(e) Approvals. No consent, approval, order or authorization of, or registration, declaration or filing with, any governmental authority or other Person (including, without limitation, the stockholders of any Person) is required in connection with the execution and delivery by the Company of this Agreement and each Note and the performance and consummation of the transactions contemplated hereby and thereby, other than such as have been obtained and remain in full force and effect and other than such qualifications or filings under applicable securities laws as may be required in connection with the transactions contemplated by this Agreement.

(f) No Violation or Default. To the knowledge of the Company, it is not in violation of or in default with respect to (i) its Charter Documents or any material judgment, order, writ, decree, statute, rule or regulation applicable to the Company; or (ii) any material mortgage, indenture, agreement, instrument or contract to which the Company is a party or by which it is bound (nor is there any waiver in effect which, if not in effect, would result in such a violation or default), 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 Company.

(g) Intellectual Property. The Company is negotiating an exclusive license agreement with Lockheed Martin pursuant to which the Company anticipates receiving rights to commercialize certain virtual reality technology for use in the consumer space. The Company cannot guarantee that it will be able to successfully negotiate such license agreement.

(h) Accuracy of Information Furnished. None of this Agreement, any Note or any other certificates, statements or information furnished to Investors by or on behalf of the Company in connection with the Transaction Documents or the transactions contemplated thereby contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

3. Representations and Warranties of Investors. Each Investor, for that Investor alone, represents and warrants to the Company that:

(a) Binding Obligation. Such Investor has full legal capacity, power and authority to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement constitutes a valid and binding obligations of such Investor, enforceable in accordance with its terms, except as may be 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.

(b) Securities Law Compliance. Such Investor has been advised that the Notes and the underlying securities have not been registered under the Securities Act, or any state securities laws and, therefore, cannot be resold unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available. Such Investor is aware that the Company is under no obligation to effect any such registration with respect to the Notes or the underlying securities or to file for or comply with any exemption from registration. Such Investor is purchasing the Notes to be acquired by such Investor hereunder for his own account for investment, not as a nominee or agent, and not with a view to, or for resale in connection with, the distribution thereof, and such Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. Such Investor has such knowledge and experience in financial and business matters that such Investor is capable of evaluating the merits and risks of such investment, is able to incur a complete loss of such investment without impairing such Investor's financial condition and is able to bear the economic risk of such investment for an indefinite period of time. Such Investor is an accredited investor as such term is defined in Rule 501 of Regulation D under the Securities Act and shall submit to the Company such further assurances of such status as may be reasonably

requested by the Company. The residency of such Investor is correctly set forth beneath such Investor's name on Schedule I hereto.

(c) Access to Information. Such Investor acknowledges that the Company has given such Investor access to the corporate records and accounts of the Company and to all information in its possession relating to the Company, has made its officers and representatives available for interview by such Investor, and has furnished such Investor with all documents and other information requested by such Investor in connection with the decision to purchase such Investor's Note.

4. Conditions to Closing of the Investors. Each Investor's obligations at the Closing are subject to the fulfillment, on or prior to the Closing Date, of all of the following conditions, any of which may be waived in whole or in part by all of the Investors:

(a) Representations and Warranties. The representations and warranties made by the Company in Section 2 hereof shall have been true and correct when made, and shall be true and correct on the Closing Date.

(b) Governmental Approvals and Filings. Except for any notices required or permitted to be filed after the Closing Date with certain federal and state securities commissions, the Company shall have obtained all governmental approvals and made all governmental filings required in connection with the lawful sale and issuance of the Notes.

(c) Transaction Documents. The Company shall have duly executed and delivered to the Investors this Agreement and each Note issued hereunder.

5. Conditions to Obligations of the Company. The Company's obligation to issue and sell the Notes at the Closing is subject to the fulfillment, on or prior to the Closing Date, of the following conditions, any of which may be waived in whole or in part by the Company:

(a) Representations and Warranties. The representations and warranties made by the Investors in Section 3 hereof shall be true and correct when made, and shall be true and correct on the Closing Date.

(b) Governmental Approvals and Filings. Except for any notices required or permitted to be filed after the Closing Date with certain federal and state securities commissions, the Company shall have obtained all governmental approvals and made all governmental filings required in connection with the lawful sale and issuance of the Notes.

(c) Purchase Price. Each Investor shall have delivered to the Company the Purchase Price in respect of the Note being purchased by such Investor referenced in Section 1(b) hereof.

6. Miscellaneous.

(a) Waivers and Amendments. Any provision of this Agreement and the Notes may be amended, waived or modified only upon the written consent of the Company and a Majority in Interest of Investors; provided, however, that no such amendment, waiver or consent

shall: (i) reduce the principal amount of any Note without the affected Investor's written consent, or (ii) reduce the rate of interest of any Note without the affected Investor's written consent. Any amendment or waiver effected in accordance with this paragraph shall be binding upon all of the parties hereto.

(b) Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of law.

(c) Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the federal and state courts located within the geographic boundaries of the State of Delaware for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the federal and state courts located within the geographic boundaries of the State of Delaware, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court. The prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which such party may be entitled.

(d) Survival. The representations, warranties, covenants and agreements made herein shall survive the execution and delivery of this Agreement.

(e) Successors and Assigns. Subject to the restrictions on transfer described in Sections 6(f) and 6(g) below, the rights and obligations of the Company and the Investors shall be binding upon and benefit the successors, assigns, heirs, administrators and transferees of the parties.

(f) Registration, Transfer and Replacement of the Notes. The Notes issuable under this Agreement shall be registered on the Company's books and records as hereinafter provided. The Company will keep, at its principal executive office, books for the registration and registration of the Notes and the registration of the transfer of the Notes. Prior to presentation of any Note for registration of transfer, the Company shall treat the Person in whose name such Note is registered as the owner and holder of such Note for all purposes whatsoever, whether or not such Note shall be overdue, and the Company shall not be affected by notice to the contrary. Subject to any restrictions on or conditions to transfer set forth in any Note, the holder of any Note, at its option, may in person or by duly authorized attorney surrender the same for exchange at the Company's principal executive office, and promptly thereafter and at the Company's expense, except as provided below, receive in exchange therefor one or more new Note(s), each in the principal amount requested by such holder, dated the date to which interest shall have been paid on the Note so surrendered or, if no interest shall have yet been so paid, dated the date of the Note so surrendered and registered in the name of such Person or Persons as shall have been designated in writing by such holder or its attorney for the same aggregate principal amount as the then unpaid principal amount of the Note so surrendered. Upon receipt by the Company of

evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note and (a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to the Company, or (b) in the case of mutilation, upon surrender thereof, the Company, at its expense, will execute and deliver in lieu thereof a new Note executed in the same manner as the Note being replaced, in the same principal amount as the unpaid principal amount of such Note and dated the date to which interest shall have been paid on such Note or, if no interest shall have yet been so paid, dated the date of such Note.

(g) Assignment by the Company. The rights, interests or obligations of the Company hereunder may not be assigned, by operation of law or otherwise, in whole or in part, by the Company without the prior written consent of a Majority in Interest of Investors.

(h) Entire Agreement. This Agreement together with the Notes constitute and contain the entire agreement among the Company and Investors with respect to the subject matter hereof and thereof and supersede any and all prior agreements, negotiations, correspondence, understandings and communications among the parties, whether written or oral, with respect to such subject matter.

(i) Acknowledgments. The Company acknowledges that it: (i) has been represented in the preparation, negotiation and execution of this Agreement by legal counsel of the Company's choice; and (ii) understands that the law firm of Barack Ferrazzano Kirschbaum & Nagelberg LLP is acting as counsel to the Investors in connection with the transactions contemplated by this Agreement, and not acting as counsel for the Company.

(j) Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or: (a) personal delivery to the party to be notified, (b) when sent, if sent by electronic mail or facsimile during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the Investors at their respective addresses as set forth on Schedule I or to such email address, facsimile number or address as subsequently modified by written notice given in accordance with this Section 6(j). If notice is given to the Company, it shall be sent to 104 South Tamilynn Circle, Cary, North Carolina 27513 with a copy to Hutchison PLLC, 3110 Edwards Mill Road, Suite 500, Raleigh, North Carolina 27612, Attn: Amalie L. Tuffin; and if notice is given to Investors, a copy shall also be given to Barack Ferrazzano Kirschbaum & Nagelberg LLP, 200 West Madison, Suite 3900, Chicago, Illinois 60606, Attn: Alexander Lourie.

(k) Separability of Agreements; Severability of this Agreement. The Company's agreement with each of the Investors is a separate agreement and the sale of the Notes to each of the Investors is a separate sale. Unless otherwise expressly provided herein, the rights of each Investor hereunder are several rights, not rights jointly held with any of the other Investors. Any invalidity, illegality or limitation on the enforceability of the Agreement or any part thereof, by any Investor whether arising by reason of the law of the respective Investor's domicile or otherwise, shall in no way affect or impair the validity, legality or enforceability of this

Agreement with respect to other Investors. If any provision of this Agreement shall be judicially determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(l) Counterparts. This Agreement 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. Facsimile copies or .pdf copies of signed signature pages will be deemed binding originals.

(Signature Page Follows)

The parties have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date and year first written above.

COMPANY:

WEARALITY CORPORATION
a Delaware corporation

By: _____
Name: [REDACTED]
Title: [REDACTED]

INVESTORS:

KYARA INVESTMENTS II LLC
a Delaware limited liability company

By: _____
Name: [REDACTED]
Title: [REDACTED]

SCHEDULE I
SCHEDULE OF INVESTORS

Name and Address	Note Amount
Kyara Investments II LLC [REDACTED] 63 Francis Ave. Cambridge, MA 02138	\$250,000.00

**EXHIBIT A
FORM OF NOTE**

THIS NOTE AND THE SECURITIES ISSUABLE UPON THE CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR UNDER THE SECURITIES LAWS OF ANY STATE. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR AN EXEMPTION THEREFROM. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE ISSUER THAT SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION COMPLIES WITH THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

**WEARALITY CORPORATION
CONVERTIBLE PROMISSORY NOTE**

\$250,000.00

JUNE [REDACTED], 2014

FOR VALUE RECEIVED, Wearality Corporation, a Delaware corporation (the “**Company**”), promises to pay to Kyara Investments II LLC, a Delaware limited liability company (“**Investor**”), or its registered assigns, in lawful money of the United States of America the principal sum of Two Hundred Fifty Thousand dollars (\$250,000.00), or such lesser amount as shall equal the outstanding principal amount hereof, together with interest from the date of this Convertible Promissory Note (this “**Note**”) on the unpaid principal balance at a rate equal to 5% per annum, computed on the basis of the actual number of days elapsed and a year of 365 days. All unpaid principal, together with any then unpaid and accrued interest and other amounts payable hereunder, shall be due and payable on the earlier of (i) June [REDACTED], 2015 (the “**Maturity Date**”), or (ii) when, upon the occurrence and during the continuance of an Event of Default, such amounts are declared due and payable by Investor or made automatically due and payable, in each case, in accordance with the terms hereof. This Note is one of the “**Notes**” issued pursuant to the Note Purchase Agreement.

The following is a statement of the rights of Investor and the conditions to which this Note is subject, and to which Investor, by the acceptance of this Note, agrees:

1. Payments.

(a) Interest. Accrued interest on this Note shall be payable at maturity.

(b) Voluntary Prepayment. Subject to the prior approval of a Majority in Interest of Investors, the Company may prepay this Note at any time, in whole or in part, without any premium or penalty, provided that (i) any prepayment of this Note may only be made in connection with the prepayment of all Notes on a pro rata basis, based on the respective aggregate outstanding principal amounts of each such Note and (ii) any such prepayment will be

applied first to the payment of expenses due under this Note, second to interest accrued on this Note and third, if the amount of prepayment exceeds the amount of all such expenses and accrued interest, to the payment of principal of this Note.

2. Events of Default. The occurrence of any of the following shall constitute an “**Event of Default**” under this Note and the other Transaction Documents:

(a) Failure to Pay. The Company shall fail to pay (i) when due any principal payment on the due date hereunder or (ii) any interest payment or other payment required under the terms of this Note or any other Transaction Document on the date due and such payment shall not have been made within five (5) Business Days after Investor gives written notice to the Company of such failure to pay; or

(b) Voluntary Bankruptcy or Insolvency Proceedings. The Company shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian of itself or of all or a substantial part of its property, (ii) admit in writing its inability to pay its debts generally as they mature, (iii) make a general assignment for the benefit of its or any of its creditors, (iv) be dissolved or liquidated, (v) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or consent to any such relief or to the appointment of or taking possession of its property by any official in an involuntary case or other proceeding commenced against it, or (vi) take any action for the purpose of effecting any of the foregoing; or

(c) Involuntary Bankruptcy or Insolvency Proceedings. Proceedings for the appointment of a receiver, trustee, liquidator or custodian of the Company, or of all or a substantial part of the property thereof, or an involuntary case or other proceedings seeking liquidation, reorganization or other relief with respect to the Company or the debts thereof under any bankruptcy, insolvency or other similar law now or hereafter in effect shall be commenced and an order for relief entered or such proceeding shall not be dismissed or discharged within 60 days of commencement.

3. Rights of Investor upon Default. Upon the occurrence of any Event of Default (other than an Event of Default described in Sections 2(b) or 2(c)) and at any time thereafter during the continuance of such Event of Default, Investor may, with the written consent of a Majority in Interest of Investors, by written notice to the Company, declare all outstanding Obligations payable by the Company hereunder to be immediately due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Transaction Documents to the contrary notwithstanding. Upon the occurrence of any Event of Default described in Sections 2(b) and 2(c), immediately and without notice, all outstanding Obligations payable by the Company hereunder shall automatically become immediately due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Transaction Documents to the contrary notwithstanding. In addition to the foregoing remedies, upon the occurrence and during the continuance of any Event of Default, Investor may, with the written consent of a Majority in Interest of Investors, exercise any other right power or remedy granted to it by the Transaction

Documents or otherwise permitted to it by law, either by suit in equity or by action at law, or both.

4. Conversion.

(a) Automatic Conversion. In the event the Company consummates, prior to the Maturity Date, an equity financing pursuant to which it sells shares of a series of Preferred Stock (the “**Preferred Stock**”) with an aggregate sales price of not less than \$5,000,000, excluding any and all notes which are converted into preferred stock (including this Note and any other Notes issued pursuant to the Note Purchase Agreement), and with the principal purpose of raising capital (a “**Qualified Equity Financing**”), then an amount equal to 120% of the sum of the outstanding principal amount of and all accrued interest under this Note (the “**Conversion Amount**”) shall automatically convert into a number of shares of the Preferred Stock equal to the quotient obtained by dividing (x) the Conversion Amount by (y) the per share price of the Preferred Stock, rounded down to the nearest whole share.

(b) Automatic Conversion Procedure. The issuance of Preferred Stock upon conversion of the Conversion Amount shall be upon the terms and subject to the conditions applicable to the Qualified Equity Financing. Upon such conversion of the Conversion Amount, the Investor hereby agrees to execute and deliver to the Company all transaction documents related to the Qualified Equity Financing; provided, however, that such transaction documents are substantially the same documents to be entered into with all other purchasers of the Preferred Stock in connection with the Qualified Equity Financing; and provided further that the transaction documents will not in any way limit the contractual rights of the Investor by virtue of the number of shares of Preferred Stock to be held by the Investor upon conversion without the consent of the Investor. The Investor agrees to deliver the original of this Note (or a notice to the effect that the original Note has been lost, stolen or destroyed and an agreement acceptable to the Company whereby the Investor agrees to indemnify the Company from any loss incurred by it in connection with this Note) at the closing of the Qualified Equity Financing for cancellation; provided, however, that upon satisfaction of the conditions set forth in this Section 4(b), this Note shall be deemed converted and of no further force and effect, whether or not it is delivered for cancellation as set forth in this sentence.

(c) Optional Conversion.

(i) Nonqualified Equity Securities. If, prior to the earlier of (A) a Change of Control or (B) the Maturity Date, the Company sells equity securities in an equity financing that does not constitute a Qualified Equity Financing (such equity securities, the “**Nonqualified Equity Securities**”), then all or a portion of the Conversion Amount shall be convertible at the option of the Investor into that number of fully paid and nonassessable shares of Nonqualified Equity Securities determined by dividing such amount of the Conversion Amount by the per share purchase price of the Nonqualified Equity Securities, rounded down to the nearest whole share. As a condition precedent (which may be waived by Company) to conversion of this Note as provided for in this Section 4(c)(i), Investor will be required to execute the definitive stock purchase agreement and other agreements prepared in connection with such equity financing.

(ii) Change of Control. If a Change of Control occurs or an Initial Public Offering occurs prior to a Qualified Equity Financing (and provided the Note has not been converted into shares of Nonqualified Equity Securities in accordance with Section 4(c)(i)), then Investor has the right, at Investor's option, to convert the Conversion Amount (calculated as of immediately prior to such Change of Control or Initial Public Offering) into fully paid and nonassessable shares of the Company's common stock at a price per share equal to the fair market value of the Company's common stock at the time of such conversion; provided, however, that in the event of a Change of Control, in lieu of converting this Note to common stock pursuant to this Section 4(c)(ii), the Investor may elect to accelerate the Maturity Date of this Note such that all unpaid principal and all accrued interest under this Note shall be due and payable as of the date of the Change of Control. Before the Investor shall be entitled to convert this Note into shares of common stock pursuant to this Section 4(c)(ii), the Investor shall execute and deliver to the Company a common stock purchase agreement reasonably acceptable to the Company containing customary representations and warranties and transfer restrictions (including a 180-day lock-up agreement in connection with an initial public offering).

(iii) In the event that a Majority in Interest of Investors elect to convert their Notes in accordance with any subsection of this Section 4(c), all Notes issued pursuant to the Note Purchase Agreement (including this Note) shall be so converted.

(d) Optional Conversion Procedure. Before the Investor shall be entitled to convert this Note into shares of the Company's stock pursuant Section 4(c), it shall surrender this Note, duly endorsed, at the office of the Company and shall give written notice to the Company at its principal corporate office, of the election to convert the same pursuant to Section 4(c), and shall state therein the amount of the unpaid principal and accrued interest of this Note to be converted and the name or names in which the certificate or certificates for shares of stock are to be issued. The Company shall, as soon as practicable thereafter, issue and deliver to the Investor a certificate or certificates for the number of shares of stock to which the Investor shall be entitled upon conversion (bearing such legends as are required by the applicable stock purchase agreement, the Note Purchase Agreement, and applicable state and federal securities laws in the opinion of counsel to the Company), together with a replacement Note (if any principal amount is not converted) and any other securities and property to which Investor is entitled upon such conversion under the terms of this Note, including a check payable to the Investor for any cash amounts payable as described in Section 4(e). The conversion shall be deemed to have been made immediately prior to the close of business on the date of the surrender of this Note, and the Person or Persons entitled to receive the shares of stock upon such conversion shall be treated for all purposes as the record Investor or Investors of such shares of stock as of such date.

(e) Fractional Shares; Interest; Effect of Conversion. No fractional shares shall be issued upon conversion of this Note. In lieu of the Company issuing any fractional shares to the Investor upon the conversion of this Note, the Company shall pay to Investor an amount equal to the product obtained by multiplying the applicable conversion price by the fraction of a share not issued pursuant to the previous sentence. In addition, to the extent not converted into shares of capital stock, the Company shall pay to Investor any interest accrued on the amount converted and on the amount to be paid to Company pursuant to the previous sentence. Upon conversion of this Note in full and the payment of the amounts specified in this paragraph, the Company shall be forever released from all its obligations and liabilities under this Note and this

Note shall be deemed of no further force or effect, whether or not the original of this Note has been delivered to the Company for cancellation.

(f) Notices of Record Date; Other Events. In the event of:

(i) Any taking by the Company of a record of the holders of any class of securities of Company for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution or any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right; or

(ii) Any capital reorganization of the Company, any reclassification or recapitalization of the capital stock of Company or any transfer of all or substantially all of the assets of Company to any other Person or any consolidation or merger involving Company; or

(iii) Any voluntary or involuntary dissolution, liquidation or winding-up of the Company,

the Company will mail to the registered holder of this Note at least ten (10) days prior to the earliest date specified therein, a notice specifying (A) the date on which any such record is to be taken for the purpose of such dividend, distribution or right and the amount and character of such dividend, distribution or right; and (B) the date on which any such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding-up is expected to become effective and the record date for determining stockholders entitled to vote thereon. The Company will also provide at least ten (10) days' notice to the registered holder of this Note of any contemplated Change of Control, Initial Public Offering, Qualified Equity Financing or equity financing that does not constitute a Qualified Equity Financing in which such holder may elect to convert all or a portion of this Note in accordance with Section 4 hereof.

5. Definitions. As used in this Note, the following capitalized terms have the following meanings:

“**Change of Control**” shall mean (i) any “person” or “group” (within the meaning of Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), becomes the “beneficial owner” (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of more than 50% of the outstanding voting securities of the Company having the right to vote for the election of members of the Board of Directors, (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.

“**Event of Default**” has the meaning given in Section 2 hereof.

“**Initial Public Offering**” shall mean the closing of the Company’s first firm commitment underwritten initial public offering of the Company’s common stock pursuant to a registration statement filed under the Securities Act.

“**Investor**” shall mean the Person specified in the introductory paragraph of this Note or any Person who shall at the time be the registered holder of this Note.

“**Majority in Interest of Investors**” shall mean Investors holding more than 50% of the aggregate outstanding principal amount of the Notes.

“**Note Purchase Agreement**” shall mean the Note Purchase Agreement dated on or around June [], 2014 (as amended, modified or supplemented), by and among the Company and the Investors (as defined therein) party thereto.

“**Notes**” shall mean the convertible promissory notes issued by the Company pursuant to the Note Purchase Agreement.

“**Obligations**” shall mean and include all loans, advances, debts, liabilities and obligations, howsoever arising, owed by the Company to Investor of every kind and description, now existing or hereafter arising under or pursuant to the terms of this Note and the other Transaction Documents, including, all interest, fees, charges, expenses, attorneys’ fees and costs and accountants’ fees and costs chargeable to and payable by the Company hereunder and thereunder, in each case, whether direct or indirect, absolute or contingent, due or to become due, and whether or not arising after the commencement of a proceeding under Title 11 of the United States Code (11 U. S. C. Section 101 *et seq.*), as amended from time to time (including post-petition interest) and whether or not allowed or allowable as a claim in any such proceeding.

“**Person**” shall mean and include an individual, a partnership, a corporation (including a business trust), a joint stock company, a limited liability company, an unincorporated association, a joint venture or other entity or a governmental authority.

“**Securities Act**” shall mean the Securities Act of 1933, as amended.

“**Transaction Documents**” shall mean this Note, each of the other Notes and the Note Purchase Agreement.

6. Miscellaneous.

(a) Successors and Assigns; Transfer of this Note or Securities Issuable on Conversion Hereof.

(i) Subject to the restrictions on transfer described in this Section 6(a), the rights and obligations of the Company and Investor shall be binding upon and inure to the benefit of the successors, assigns, heirs, administrators and transferees of such parties.

(ii) With respect to any offer, sale or other disposition of this Note or securities into which such Note may be converted, Investor will give written notice to the Company prior thereto, describing briefly the manner thereof, together with a written opinion of

Investor's counsel, or other evidence if reasonably satisfactory to the Company, to the effect that such offer, sale or other distribution may be effected without registration or qualification (under any federal or state law then in effect). Upon receiving such written notice and reasonably satisfactory opinion, if so requested, or other evidence, the Company, as promptly as practicable, shall notify Investor that Investor may sell or otherwise dispose of this Note or such securities, all in accordance with the terms of the notice delivered to the Company. If a determination has been made pursuant to this Section 6(a) that the opinion of counsel for Investor, or other evidence, is not reasonably satisfactory to the Company, the Company shall so notify Investor promptly after such determination has been made. Each Note thus transferred and each certificate representing the securities thus transferred shall bear a legend as to the applicable restrictions on transferability in order to ensure compliance with the Securities Act, unless in the opinion of counsel for the Company such legend is not required in order to ensure compliance with the Securities Act. The Company may issue stop transfer instructions to its transfer agent in connection with such restrictions. Subject to the foregoing, transfers of this Note shall be registered upon registration books maintained for such purpose by or on behalf of the Company as provided in the Note Purchase Agreement. Prior to presentation of this Note for registration of transfer, the Company shall treat the registered holder hereof as the owner and holder of this Note for the purpose of receiving all payments of principal and interest hereon and for all other purposes whatsoever, whether or not this Note shall be overdue, and the Company shall not be affected by notice to the contrary.

(iii) Neither this Note nor any of the rights, interests or obligations of the Company hereunder may be assigned, by operation of law or otherwise, in whole or in part, by the Company without the prior written consent of a Majority in Interest of Investors.

(b) Waiver and Amendment. Any provision of this Note may be amended, waived or modified upon the written consent of the Company and a Majority in Interest of Investors; provided, however, that no such amendment, waiver or consent shall: (i) reduce the principal amount of this Note without Investor's written consent, or (ii) reduce the rate of interest of this Note without Investor's written consent.

(c) Notices. All notices and other communications given or made pursuant to this Note shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or: (a) personal delivery to the party to be notified, (b) when sent, if sent by electronic mail or facsimile during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the Company and each Investor at their address as set forth in the Note Purchase Agreement, or to such email address, facsimile number or address as subsequently modified by written notice given in accordance with this Section 6(c). If notice is given to Investors, a copy shall also be given to Barack Ferrazzano Kirschbaum & Nagelberg LLP, 200 West Madison, Suite 3900, Chicago, Illinois 60606, Attn: Alexander Lourie.

(d) Pari Passu Notes. Investor acknowledges and agrees that the payment of all or any portion of the outstanding principal amount of this Note and all interest hereon shall be pari

passu in right of payment and in all other respects to the other Notes. In the event Investor receives payments in excess of its pro rata share of the Company's payments to the Investors of all of the Notes, then Investor shall hold in trust all such excess payments for the benefit of the holders of the other Notes and shall pay such amounts held in trust to such other holders upon demand by such holders.

(e) Payment. Unless converted into the Company's equity securities pursuant to the terms hereof, payment shall be made in lawful tender of the United States.

(f) Usury. In the event any interest is paid on this Note which is deemed to be in excess of the then legal maximum rate, then that portion of the interest payment representing an amount in excess of the then legal maximum rate shall be deemed a payment of principal and applied against the principal of this Note.

(g) Waivers. The Company hereby waives notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor and all other notices or demands relative to this instrument.

(h) Governing Law. This Note shall be governed by, and construed in accordance with, the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of law.

(i) Dispute Resolution. The Company and each Investor (a) hereby irrevocably and unconditionally submit to the jurisdiction of the federal and state courts located within the geographic boundaries of the State of Delaware for the purpose of any suit, action or other proceeding arising out of or based upon this Note or the Note Purchase Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Note or the Note Purchase Agreement except in the federal and state courts located within the geographic boundaries of the State of Delaware, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Note or the Note Purchase Agreement or the subject matter hereof or thereof may not be enforced in or by such court. The prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which such party may be entitled.

(Signature Page Follows)

The Company has caused this Note to be issued as of the date first written above.

WEARALITY CORPORATION
a Delaware corporation

By: _____
Name: 
Title: 