

Formula XO, Inc.
2015 Convertible Note Financing Term Sheet
FOR ACCREDITED INVESTORS ONLY

Aggregate Amount:	Not to exceed \$500,000
Interest Rate:	8% per year
Closings:	It is anticipated that the initial Closing will be held on or about November __, 2015; the Company may sell additional Notes in additional Closings to occur any time during the 90 day period following the initial Closing.
Due Date of Note(s):	With respect to all Notes, upon demand made by Holders holding a majority of the outstanding principal under the Notes (the “Requisite Holders”) at any time on or following the second anniversary of the initial Closing
Conversion Upon Qualified Financing:	<p>Upon the closing of a Qualified Financing (as defined below), all principal and interest will automatically convert into shares of the same class and series of capital stock of the Company issued to other investors in the Qualified Financing (the “Qualified Financing Securities”) at a price per share equal to the lesser of (i): 75% of the price per share paid by other investors in the Qualified Financing and (ii) the Capped Price Per Share (as defined next). “Capped Price Per Share” means the price per share calculated in the same manner as the price per share of Qualified Financing Securities, but instead based on a pre-money valuation of the Company of \$5,810,000.</p> <p>A “Qualified Financing” shall be the first sale of convertible preferred stock of the Company with immediately available gross proceeds to the Company (including proceeds from any indebtedness of the Company that converts into equity in such financing) of at least \$2,000,000.</p>
Voluntary Conversion:	At any time when the Notes are outstanding, the Requisite Holders may elect, on behalf of all Holders, to convert all of the Notes into shares of common stock of the Company at a conversion price equal to \$5,810,000 divided by the number of fully diluted shares of the Company immediately prior to such conversion.

Conversion Upon Sale of Company:	In the event that the Company is sold prior to the closing of a Qualified Financing, Holders will be given 10 days notice of such sale and Requisite Holders may elect, on behalf of all Holders, to convert all of the amount then due under the Notes into common stock of the Company at a conversion price equal to \$5,810,000 divided by the number of fully diluted shares of the Company immediately prior to such sale. If not so converted, twice the amount outstanding under the Notes shall be paid to the Holder at the closing of such sale.
Minimum Amount:	While the Company would prefer \$50,000 minimums in order to keep the number of investors manageable, it may, in its discretion, accept a lesser amount.
Pre-Payment:	The principal and accrued interest on the Notes may not be prepaid unless approved in writing by Requisite Holders.
Certain Restrictions:	Prior to repayment or conversion of the Notes, the Company will not make any dividend or other distribution to shareholders, founders or executives of the Company other than reasonable compensation and reimbursement of bona fide business expenses.

Indication of Interest: This is a non-binding expression of interest in investing in the convertible note described above. Please contact me:

Name: _____ Likely Amount of Investment: \$ _____

Phone: _____ Email: _____

For further information, please contact:

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