

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Quartics, Inc.		10/13/2010	CORPORATION: CALIFORNIA
RECEIVING PARTY DATA			
Name:	Green Sequoia		
Street Address:	2509 Caignore Street		
City:	Bakersfield		
State/Country:	CALIFORNIA		
Postal Code:	93311		
Entity Type:	LIMITED PARTNERSHIP: CALIFORNIA		
PROPERTY NUMBERS Total: 6			
Property Type	Number	Word Mark	
Serial Number:	85316511	SMARTCABLE 3D	
Serial Number:	85315648	SMARTCABLE	
Serial Number:	85315642	SMARTBOX	
Serial Number:	77941029	BEYOND 3D	
Serial Number:	77941025	QVU	
Serial Number:	77941034	QUARTICS	
CORRESPONDENCE DATA			
Fax Number:	6613274755		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.</i>			
Phone:	(661) 327-7051		
Email:	amorgan@tantonlaw.com		
Correspondent Name:	Andrew M. Morgan, Esq.		
Address Line 1:	1600 G Street		
Address Line 4:	Bakersfield, CALIFORNIA 93301		

OP \$165.00 85316511

NAME OF SUBMITTER:	Andrew M. Morgan, Esq.
Signature:	/andrewmorgan/; /0407/
Date:	04/19/2012

Total Attachments: 86

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RECORDATION FORM COVER SHEET TRADEMARKS ONLY

To the Director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies):

Quartics, Inc.

- Individual(s) Association
- General Partnership Limited Partnership
- Corporation- State: California
- Other _____

Citizenship (see guidelines) _____

Additional names of conveying parties attached? Yes No

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached? Yes
 No

Name: Green Sequoia LP

Internal

Address: _____

Street Address: 2509 Craignore Street

City: Bakersfield

State: CA

Country: _____ Zip: 93311

Association Citizenship _____

General Partnership Citizenship _____

Limited Partnership Citizenship U.S. Citizen

Corporation Citizenship _____

Other _____ Citizenship _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)

3. Nature of conveyance /Execution Date(s) :

Execution Date(s) 10/13/2010

- Assignment Merger
- Security Agreement Change of Name
- Other _____

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s)

85316511; 85315648; 85315642; 77941029; 77941025; 77941034

B. Trademark Registration No.(s)

Additional sheet(s) attached? Yes No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

5. Name & address of party to whom correspondence concerning document should be mailed:

Name: Andrew M. Morgan, Esq.

Internal Address: Thomas Anton & Associates

P.O. Box 2127, Bakersfield, CA 93303

Street Address: 1600 "G" Street

City: Bakersfield

State: CA Zip: 93301

Phone Number: (661) 327-7051

Fax Number: (661) 327-4755

Email Address: amorgan@antonlaw.com

6. Total number of applications and registrations involved:

6

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$165.00

- Authorized to be charged to deposit account
- Enclosed

8. Payment Information:

Deposit Account Number 4313070040016377

Authorized User Name Brij Bhambi

9. Signature:

Signature

April 19, 2012

Date

Andrew M. Morgan, Esq.

Name of Person Signing

Total number of pages including cover sheet, attachments, and document: 86

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to:
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

Name: Anju Bhambi

Address: 2509 Craignore Street

City: Bakersfield

State: CA Zip: 93311

Citizenship: U.S. Citizen

QUARTICS, INC.

INTELLECTUAL PROPERTY SECURITY AGREEMENT

QUARTICS, INC.

INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT (this "*Agreement*") is made and entered into as of October 13, 2010 by and among QUARTICS, INC., a Delaware corporation (the "*Company*"), and the secured parties listed on the signature pages hereto or who become holders the Notes (each, an "*Investor*" and collectively, the "*Investors*").

RECITALS

WHEREAS, pursuant to (a) the Note and Warrant Purchase Agreement, dated as of the date of this Agreement, by and among the Company and the Investors (the "Second Purchase Agreement") and (b) the Note and Warrant Purchase Agreement, dated September 24, 2010, by and between the Company and Seven Hills Group USA, LLC ("Seven Hills"), a Delaware limited liability company (the "First Purchase Agreement," and together with the Second Purchase Agreement, the "Purchase Agreements"), each Investor is to make, or has made, certain advances of money to the Company (collectively, the "*Loans*") pursuant certain Secured Convertible Promissory Notes (each, a "*Note*" and collectively, the "*Notes*"), issued by the Company to the Investors (capitalized terms used but not defined in this Agreement shall have the meanings ascribed to them in the Notes); and

WHEREAS, in order to induce the Investors to execute and deliver the Purchase Agreements and to make the Loans, the Company desires to grant to the Investors a security interest in all of its Intellectual Property (as defined below) on the terms and conditions set forth in this Agreement.

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

AGREEMENT

1. **GRANT OF SECURITY INTEREST.** To secure its obligations under the Notes, the Company hereby grants and pledges to each Investor a security interest in all of the Company's right, title and interest in, to and under its Intellectual Property (including without limitation those copyrights, patents and trademarks listed on **Exhibits A, B and C** hereto), and including, without limitation, all proceeds thereof (such as, by way of example but not by way of limitation, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world and all re-issues, divisions continuations, renewals, extensions and continuations-in-part thereof. For purposes of this Agreement, "Intellectual Property" shall mean any intellectual property, in any medium, of any kind or nature whatsoever, now or hereafter owned, acquired or received by the Company or in which the Company now holds or hereafter acquires or receives any right or interest, including, without limitation, any copyright, trademark, patent, trade secret, customer list, internet domain name (including any right related to the registration thereof), proprietary or confidential information, mask work, source, object or other programming code, invention (whether or not patented or

patentable), technical information, procedure, design, knowledge, know-how, software, data base, data, skill, expertise, experience, process, model, drawing, material or record.

2. RIGHTS AND REMEDIES OF THE INVESTORS. In addition to all other rights and remedies granted to the Investors (i) as secured parties under applicable law and (ii) under the Notes, the Investors, upon the occurrence of a Default (as defined in the Notes) that is an Uncurable Default (as defined in the Notes) or that is not cured within the thirty (30) day cure period, may exercise any one or more of the following rights and remedies: (a) collect, receive, appropriate or realize upon the Intellectual Property or otherwise foreclose or enforce the Investors security interests in any or all of the Intellectual Property in any manner not prohibited by applicable law or this Agreement; (b) notify any or all licensees of the Intellectual Property to make payments thereon directly to the Investors; (c) sell, license or otherwise dispose of any or all of the Intellectual Property at one or more public or private dispositions, for cash or credit or future delivery, on such commercially reasonable terms and in such commercially reasonable manner as the Investors may determine; (d) upon five (5) business days' prior notice to the Company, license, whether general, special or otherwise, and whether on an exclusive or nonexclusive basis, any or all of the Intellectual Property for such term or terms, on such conditions, and in such manner, as the Investors shall in their sole discretion determine, subject to the restrictions on assignment or transfer in any existing agreement with a third party for the Intellectual Property (f) enforce (and upon notice to the Company have the exclusive right to enforce) against any licensee or sublicensee all rights and remedies of the Company in, to and under any one or more license agreements with respect to the Intellectual Property (without assuming any obligations or liability thereunder), and take or refrain from taking any action under any thereof; and (g) in addition to the foregoing, in order to implement the assignment, sale or other disposal of any of the Intellectual Property, pursuant to the authority granted in this Section 2, execute and deliver on behalf of the Company, upon five (5) business days' prior notice to the Company, one or more instruments of assignment or transfer of the Intellectual Property (or any application or registration thereof), in form suitable for filing, recording or registration in any country.

3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company hereby represents and warrants to the Investors, as of the date of this Agreement, as follows:

(a) All corporate action on the part of the Company and its officers, directors and stockholders necessary for the authorization, execution and delivery of this Agreement and the performance of all obligations of the Company hereunder has been taken or will be taken prior to the date of this Agreement, and this Agreement, when executed and delivered by the Company, shall constitute a valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other laws of general application relating to or affecting the enforcement of creditors' rights generally or (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

(b) Neither the execution nor delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (i) violate any provision of the Company's organizational documents, (ii) violate any material law or regulation to which the Company is subject, (iii) conflict with, result in a breach of, constitute a default (or any event which would, with the passage of time or the giving of notice or both, constitute a default) under, result in violation of,

result in the termination, amendment, suspension, or acceleration of payment (or any right to terminate) under any material contract that is either binding upon or enforceable against the Company, in each case except as would not be reasonably expected to cause a material adverse effect on the Company.

(c) Except for the security interest granted to the Investors pursuant to this Agreement and liens arising from taxes, assessments and other governmental levies, fees or charges not yet due and payable, the Company is the owner of, or otherwise has a right to use, all of the Intellectual Property free from any lien, security interest, encumbrance or other right, title or interest of any other person except for the licenses of such Intellectual Property (i) granted by the Company in the ordinary course of business and on a nonexclusive basis and (ii) listed on **Exhibit D** attached hereto.

(d) To the Company's knowledge, all of patent and trademark registrations listed on **Exhibits B and C** attached hereto are valid, subsisting, have not been canceled and to the Company's knowledge (i) there is no third-party claim that any of said registrations is invalid or unenforceable, (ii) there is no reason that any of said registrations is invalid or unenforceable, and (iii) there is no reason that any of said applications will not mature into registrations.

(e) **Exhibits A, B, and C** attached hereto set forth all intellectual property rights with respect to which the Company has registered or filed an application with either the United States Patent and Trademark Office or the United States Copyright Office, as applicable.

4. COVENANTS OF THE COMPANY.

(a) The Company will take all necessary steps that are consistent with the practice in any proceeding before the United States Patent and Trademark Office, United States Copyright Office or any office or agency in any political subdivision of the United States, to maintain and pursue the Company's material applications relating to the Intellectual Property (and to obtain the relevant grant or registration) and to maintain all issued or registered patents, trademarks and copyrights owned by the Company that are material to the Company's business, including timely filings of applications for renewal, affidavits of use, affidavits of incontestability and payment of maintenance fees; and, if consistent with such Company's reasonable business judgment, to initiate opposition, interference and cancellation proceedings against third parties.

(b) In order to perfect the grant of the security interest hereunder, the Company hereby authorizes the Investors to file, at the Company's expense, (a) this Agreement or evidence of this Agreement with the United States Patent and Trademark Office, United States Copyright Office or any office or agency in any political subdivision of the United States and (b) one or more financing or continuation statements, and amendments thereto, in each case relative to all or any part of the Intellectual Property without the signature of the Company where permitted by law. A carbon, photographic or other reproduction of this Agreement or any financing statement covering the Intellectual Property or any part thereof shall be sufficient as a financing statement where permitted by law.

(c) The Company hereby agrees that from the date of this Agreement until the Total Loan Amount (as defined in the Notes) has been paid to the Investors, it shall not grant a lien, security interest, a right to use or other interest in the Intellectual Property except for licenses of

such Intellectual Property granted by the Company in the ordinary course of business and on a nonexclusive basis.

5. TRANSFER, SUCCESSORS AND ASSIGNS. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties, including transferees of any Notes. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

6. GOVERNING LAW. All issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware. In furtherance of the foregoing, the internal law of the State of Delaware shall control the interpretation and construction of this Agreement, even though under Delaware's choice of law or conflict of law analysis, the substantive law of some other jurisdiction would ordinarily apply.

7. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.


8. TITLES AND SUBTITLES. Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of the parties hereto has caused this INTELLECTUAL PROPERTY SECURITY AGREEMENT to be executed and delivered by its duly authorized officer on the date first set forth above.

THE COMPANY:

QUARTICS, INC.

By: 
Sherjil Ahmed
Chief Executive Officer

Address: 15241 Laguna Canyon Road
Suite 200
Irvine, CA 92618

[SIGNATURE PAGE TO QUARTICS, INC. INTELLECTUAL PROPERTY SECURITY AGREEMENT]

TRADEMARK
REEL: 004761 FRAME: 0345

IN WITNESS WHEREOF, each of the parties hereto has caused this INTELLECTUAL PROPERTY SECURITY AGREEMENT to be executed and delivered by its duly authorized officer on the date first set forth above.

INVESTOR:

AUGUSTUS VENTURES LIMITED

By: MSL
Name: L. C. BIRD
Title: DIRECTOR

[SIGNATURE PAGE TO QUARTICS, INC. INTELLECTUAL PROPERTY SECURITY AGREEMENT]

IN WITNESS WHEREOF, each of the parties hereto has caused this INTELLECTUAL PROPERTY SECURITY AGREEMENT to be executed and delivered by its duly authorized officer on the date first set forth above.

INVESTOR:

HERIOT HOLDINGS LIMITED


By: 
Name: ROBERT GROOM
Title: DIRECTOR

[SIGNATURE PAGE TO QUARTICS, INC. INTELLECTUAL PROPERTY SECURITY AGREEMENT]

IN WITNESS WHEREOF, each of the parties hereto has caused this INTELLECTUAL PROPERTY SECURITY AGREEMENT to be executed and delivered by its duly authorized officer on the date first set forth above.

INVESTOR:

CASTLE HILL INVESTMENT HOLDINGS LIMITED

By: 
Name: J. T. B. PICKLES
Title: DIRECTOR

[SIGNATURE PAGE TO QUARTICS, INC. INTELLECTUAL PROPERTY SECURITY AGREEMENT]

IN WITNESS WHEREOF, each of the parties hereto has caused this INTELLECTUAL PROPERTY SECURITY AGREEMENT to be executed and delivered by its duly authorized officer on the date first set forth above.

INVESTOR:

SIENA HOLDINGS LIMITED

By: JSW
Name: J. S. WRIGHT
Title: DIRECTOR

[SIGNATURE PAGE TO QUARTICS, INC. INTELLECTUAL PROPERTY SECURITY AGREEMENT]

IN WITNESS WHEREOF, each of the parties hereto has caused this INTELLECTUAL PROPERTY SECURITY AGREEMENT to be executed and delivered by its duly authorized officer on the date first set forth above.

INVESTOR:

SEVEN HILLS GROUP USA, LLC

By: 

Devi Prasad Katragadda
President

[SIGNATURE PAGE TO QUARTICS, INC. INTELLECTUAL PROPERTY SECURITY AGREEMENT]

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EXHIBIT A
COPYRIGHTS

None.

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EXHIBIT B

PATENTS

U.S. Application Serial No.	U.S. Patent No.	TITLE	Filing Date	Issue Date
11/390,558 10/004,753	7,516,320	Distributed Processing Architecture with Scalable Processing Layers	03/27/2006 12/03/2001	04/07/2009
09/951,761	7,031,992	Hardware Function Generator Support in a DSP	09/10/2001 09/08/2000	04/18/2006
10/038,367	7,020,279	Method and System for Filtering a Signal and for Providing Echo Cancellation	10/19/2001	03/28/2006
09/951,348	6,883,021	Programmable and Multiplierless Viterbi Accelerator	09/10/2001	04/19/2005
09/510,966	6,519,773	Method and Apparatus for a digitized CATV network for bundled services*	02/22/2000	02/11/2003
10/314,873		Method and Apparatus for a digitized CATV network for bundled services*	12/09/2002	
11/813,519 60/642,602		Integrated Architecture for the Unified Processing of Visual Media	07/09/2007 01/09/2006 01/10/2005	
12/350,682 10/084,559 10/004,753		Methods and Systems for Managing Variable Delays in Packet Transmission	01/08/2009 12/25/2002 12/03/2001	
11/911,785 60/673,431		Hybrid Real-Time Transmission Protocol and System Configuration of Wireless Devices	10/18/2007 04/18/2006 04/21/2005	
11/390,988 09/951,764 60/231,280		Hardware function generator support in DSP	03/27/2006 09/10/2001 09/08/2000	
12/828,242		Method and System for Filtering a Signal and for Providing Echo Cancellation	06/30/2010	
12/335,644 11/390,558 10/004,753		Distributed Processing Architecture with Scalable Processing Layers	12/16/2008 03/27/2006 12/03/2001	
11/971,871 60/884,361		Systems and Methods for DeInterlacing Video Data	01/09/2008 01/10/2007	
11/971,868 60/884,361		Systems and Methods for Noise Estimation in a Single Frame of Video Data	01/09/2008 01/10/2007	
12/101,851 60/911,109		Systems and Methods for Improving Image Responsivity in a Multimedia Transmission System	04/11/2008 04/11/2007	
12/114,746 60/915,949		Enabling Efficient Communication Between A Host and Multiple USB Devices	05/03/2008 05/04/2007	
12/114,747 60/915,947		Driver Loading via a PnP Device	05/03/2008 05/04/2007	
12/134,283 60/942,260		System and Method for Bandwidth Efficient Processing of Images	06/06/2008 06/18/2007	
11/875,592 11/911,785 60/862,069		Wireless Media Transmission System and Methods	10/19/2007 10/18/2007 10/19/2006	

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60/955,470				
12/263,129		Systems and Methods to Optimize Entropy Decoding	10/31/2008	
60/984,420			11/01/2007	
12/704,472		Front End Processor with Extendable Data Path	02/11/2010	
61/151,540			02/11/2009	
61/151,542				
61/151,546				
61/151,547				

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EXHIBIT C
TRADEMARKS

Description	Serial/Registration No.	File Date
QVU	77037417	11/6/06
PC2TV	77037444	11/6/06

EXHIBIT D

OUTGOING LICENSES OF INTELLECTUAL PROPERTY

- U.S. Patent #6,519,773 was assigned by the Company to Irvine Technology but was subsequently licensed back to the Company.
- U.S. Patent Application with Serial #10/314,873 was assigned by the Company to Irvine Technology but was subsequently licensed back to the Company.

QUARTICS, INC.

NOTE AND WARRANT PURCHASE AGREEMENT

QUARTICS, INC.

NOTE AND WARRANT PURCHASE AGREEMENT

THIS NOTE AND WARRANT PURCHASE AGREEMENT (this "Agreement") is made and entered into as of November 15, 2010 by and among Quartics, Inc., a Delaware corporation (the "Company"), and the individuals and entities listed on Exhibit A (each, an "Investor" and collectively, the "Investors").

WHEREAS, in order to provide the Company with additional resources to conduct its business, the Investors are willing to lend to the Company certain funds, as specified herein, pursuant to the terms and subject to the conditions specified herein and the Notes and Warrants (each as defined below).

WHEREAS, pursuant to the Note and Warrant Purchase Agreement dated as of September 24, 2010 by and between the Company and Seven Hills Group USA, LLC ("Seven Hills"), on September 28, 2010 (the "First Closing Date") the Company issued to Seven Hills \$500,000 aggregate principal amount of notes, having substantially comparable terms as the Notes (as defined below).

WHEREAS, pursuant to the Note and Warrant Purchase Agreement dated as of October 8, 2010 (the "Signing Date") by and among the Company, Augustus Ventures Limited, Seven Hills and the other investors party thereto, on October 13, 2010 the Company issued to such investors \$2,000,000 aggregate principal amount of notes, having the same terms as the Notes (as defined below).

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

1. Issuances and Purchases and Related Transactions.

1.1 Defined Terms Used in this Agreement. In addition to the terms defined above and elsewhere in this Agreement, the following terms shall be construed to have the meanings set forth or referenced below: "Board of Directors" means the board of directors of the Company.

"Bylaws" means the Second Amended and Restated Bylaws of the Company, as amended, restated, supplemented and otherwise modified from time to time in accordance with its terms.

"Code" means the Internal Revenue Code of 1986, as amended.

"Common Stock" means the common stock of the Company, par value \$0.0001 per share.

"Investors' Rights Agreement" means the Third Amended and Restated Investors' Rights Agreement of the Company, dated January 12, 2010, as amended, restated, supplemented and otherwise modified from time to time in accordance with its terms.

"Material Adverse Effect" means a material adverse effect on the business, assets (including intangible assets), liabilities, financial condition, property or results of operations of the Company and its Subsidiaries, taken together as a whole.

"Party" shall mean each of the Company and any Investor.

"Preferred Stock" means the Company's Series C Preferred Stock, par value \$0.0001 per share, and Series C-2 Preferred Stock, par value \$0.0001 per share.

"Restated Certificate" means the Fourth Amended and Restated Certificate of Incorporation of the Company.

"Stockholders' Agreement" means the Third Amended and Restated Stockholders' Agreement of the Company, dated as of January 12, 2010, as amended, restated, supplemented and otherwise modified from time to time in accordance with its terms.

"Securities Act" means the Securities Act of 1933, as amended.

"Subsidiary" means any corporation of which the securities having a majority of the ordinary voting power in electing the board of directors are, at the time as of which any determination is being made, owned by the Company either directly or through one or more Subsidiaries.

"Third Closing Date" means November 15, 2010.

"Voting Agreement" means the Third Amended and Restated Voting Agreement of the Company, dated as of January 12, 2010, as amended, restated, supplemented and otherwise modified from time to time in accordance with its terms.

1.2 Sale and Issuance of Notes and Warrants.

(a) **Issuance of Notes.** Subject to the terms of this Agreement, each Investor agrees, severally, to lend to the Company at the Third Closing (as defined below), the amount set forth opposite each such Investor's name on Exhibit A (each, a "Loan Amount" and collectively, the "Total Loan Amount") against the issuance and delivery by the Company to such Investor of a convertible secured promissory note, in substantially the form attached hereto as Exhibit B (each, a "Note" and collectively, the "Notes"), representing an initial principal balance equal to such Loan Amount. Each Note shall be convertible into equity securities of the Company as provided in such Note.

(b) **Issuance of Warrants.** Subject to the terms of this Agreement, at the Third Closing, the Company shall issue and sell to each Investor, and each Investor shall purchase from the Company, a warrant, in substantially the form attached hereto as Exhibit C (each, a "Warrant" and collectively the "Warrants"), for a purchase price equal to \$0.0001 for

every underlying share of Warrant Stock as set forth opposite such Investor's name on Exhibit A (the "Warrant Purchase Price").

(c) Warrant Reduction. Notwithstanding the foregoing, if any Investor does not close and fund the proposed offering within five days of the Third Closing Date, the warrant coverage for such Investor with respect to the Warrants to be issued to such Investor on the Third Closing Date shall be reduced to 100,000 for every \$1,000,000 of principal amount of Notes (or portion thereof) at issuance.

(d) Closing. The closing of each sale and purchase of the Notes and Warrants (the "Third Closing") shall take place at the offices of Kirkland & Ellis LLP, 333 South Hope Street, Los Angeles, California, 90071. At the Third Closing: (i) each Investor shall deliver to the Company, via wire transfer of immediately available funds to the account shown on Exhibit D attached hereto, cash in the amount of (a) such Investor's Loan Amount, as set forth on Exhibit A, plus (b) the applicable Warrant Purchase Price for such Investor, as set forth on Exhibit A; and (ii) the Company shall issue and deliver to each Investor (a) a Note in favor of such Investor representing an initial principal balance equal to such Investor's Loan Amount, as set forth on Exhibit A, and (b) a corresponding Warrant to purchase the number of shares of Warrant Stock, as set forth on Exhibit A. Unless the Company and an Investor expressly agree otherwise, the Company will not close the purchase of the Notes and the Warrants relating to such Investor on the Third Closing Date unless (i) all the Notes and Warrants to be issued on the Third Closing Date have been issued and sold, and (ii) all monies payable to the Company on the Third Closing Date in relation to the Notes and Warrants to be issued on the Third Closing date have been received by the Company and (iii) the Third Closing occurs on or prior to December 8, 2010. If the Third Closing does not take place the Company will return to each Investor all monies received from such Investor, unless the Company and such Investor expressly agrees otherwise.

1.3 Acknowledgements Regarding Notes and Warrants. The Company and the Investors, as a result of arm's length bargaining, acknowledge and agree that: (i) no Investor has rendered any services to the Company in connection with this Agreement; (ii) the Warrants are not being issued as compensation; (iii) the aggregate fair market value of the Notes, if issued apart from the Warrants, is equal to the Total Loan Amount; (iv) the aggregate fair market value of the Warrants, if issued apart from the Notes, is equal to the aggregate Warrant Purchase Price; (v) all tax returns and other information return of each party relative to this Agreement and the Notes and Warrants issued pursuant hereto shall consistently reflect the acknowledgements set forth in this Section 1.3.

2. Representations and Warranties of the Company. The Company hereby represents and warrants to the Investors that, except as set forth on the Schedule of Exceptions, dated as of the Signing Date, delivered separately by the Company to the Investors on or before the date hereof (the "Schedule of Exceptions"), specifically identifying the relevant subsection hereof, which exceptions shall be deemed to be representations and warranties as if made hereunder, the following representations are true and complete as of the Signing Date, except as otherwise indicated. For purposes of these representations and warranties, the phrase "to the Company's knowledge" or any similar phrases or words shall mean the actual knowledge, after reasonable investigation, of Safi Qureshey, Sherjil Ahmed and Adeel Ahmed.

2.1 Organization, Good Standing and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to carry on its business as presently conducted and as currently proposed to be conducted. Each of the Company's Subsidiaries is duly organized under the laws of its jurisdiction of organization. The Company and each of its Subsidiaries is duly qualified to transact business and is in good standing in each jurisdiction in which the failure so to qualify would have a Material Adverse Effect.

2.2 Capitalization.

(a) Section 2.2 of the Schedule of Exceptions sets forth the name of each person holding any capital stock (including any options, warrants or other rights to purchase any equity securities or capital stock) and any securities convertible or exchangeable into any equity securities or capital stock of the Company and the amount and type of such securities held by such persons as of immediately prior to the Signing Date. Except as set forth in Section 2.2 of the Schedule of Exceptions, the Company does not have outstanding any stock or securities convertible or exchangeable for any shares of its capital stock, and no third party has any outstanding rights or options to subscribe for or to purchase the Company's capital stock. All of the outstanding shares of capital stock of the Company have been duly authorized and are validly issued, fully paid and nonassessable.

(b) The Company has reserved 20,000,000 shares of Common Stock for issuance to officers, directors, employees and consultants of the Company pursuant to its 2010 Equity Incentive Plan duly adopted by the Board of Directors and approved by the Company stockholders (the "Stock Plan"). Of such reserved shares of Common Stock, options to purchase 3,990,000 shares have been granted and are currently outstanding, options to purchase 5,503,823 shares have been offered and are currently pending, and 4,536,522 shares of Common Stock remain available for issuance to officers, directors, employees and consultants pursuant to the Stock Plan.

(c) Except for (i) the conversion privileges of the Preferred Stock; (ii) the rights and/or obligations provided in this Agreement and/or the Investors' Rights Agreement, (iii) outstanding options issued pursuant to the Stock Plan and (iv) outstanding warrants issued as of the Signing Date and reflected on Section 2.2 of the Schedule of Exceptions, there are no outstanding options, warrants, rights (including conversion or preemptive rights and rights of first refusal or similar rights) or agreements, orally or in writing, for the purchase or acquisition from the Company or any of its Subsidiaries of any shares of their capital stock. Options under the Stock Plan vest as described on Section 2.2 of the Schedule of Exceptions. No stock plan, stock purchase, stock option or other agreement or understanding between the Company or any Subsidiary and any holder of equity securities or rights to purchase equity securities provides for acceleration or other changes in the vesting provisions of such agreements or understandings, or the lapse of a Company or Subsidiary repurchase right, upon the occurrence of any event. Neither the Company nor any Subsidiary has adjusted or amended the exercise price of any stock options previously awarded, whether through amendment, cancellation, replacement grant, repricing, or any other means.

2.3 Subsidiaries. Except as set forth on Section 2.3 of the Schedule of Exceptions, the Company does not currently own or control, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, limited liability company, association or other business entity. The Company is not a participant in any joint venture, partnership or similar arrangement.

2.4 Authorization. All corporate action on the part of the Company and its officers, directors and stockholders necessary for the authorization, execution and delivery of this Agreement, the Notes and the Warrants (collectively, the "Loan Documents"), the performance of all obligations of the Company hereunder and thereunder and the authorization, issuance and delivery of the Notes and the Warrants and the capital stock issuable upon exercise of the Warrants and conversion of the Notes, as applicable (together, the "New Securities") has been taken or will be taken prior to the date of this Agreement, and the Loan Documents, when executed and delivered by the Company, shall constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their respective terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other laws of general application relating to or affecting the enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies, or (iii) to the extent the indemnification provisions contained in the Investors' Rights Agreement may be limited by applicable federal or state securities laws.

2.5 Valid Issuance. The Warrants, when issued, sold and delivered in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, fully paid and nonassessable and free of restrictions on transfer other than restrictions on transfer under the Warrant, the Stockholders' Agreement and the Investors' Rights Agreement, applicable state and federal securities laws and liens or encumbrances created by or imposed by the Investor. Based in part upon the representations of the Investors in Section 3 of this Agreement and subject to the provisions of Section 2.6 below, the Notes and the Warrants, and the capital stock issuable upon exercise of the Warrants or conversion of the Notes, as applicable, will be issued in compliance with the Securities Act and all applicable state securities laws. The capital stock issuable upon exercise of the Warrants or conversion of the Notes, as applicable, has been duly and validly reserved for issuance, and upon issuance in accordance with the terms of the Restated Certificate, will be duly and validly issued, fully paid and nonassessable and free of restrictions on transfer other than restrictions on transfer under the Stockholders' Agreement and the Investors' Rights Agreement and the applicable federal and state securities laws and liens or encumbrances created by or imposed by an Investor.

2.6 Governmental Consents and Filings. Assuming the accuracy of the representations made by the Investors in Section 3 below, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any federal, state or local governmental authority is required on the part of the Company in connection with the consummation of the transactions contemplated by this Agreement, except for filings pursuant to Section 25102(f) of the California Corporate Securities Law of 1968, as amended, and the rules thereunder, other applicable state securities laws and Regulation D of the Securities Act.

2.7 Litigation. There is no claim, action, suit, proceeding, arbitration, complaint, charge or investigation pending or, to the Company's knowledge, currently threatened against the Company or any Subsidiary that questions the validity of the Loan Documents or the right of the Company to enter into them, or to consummate the transactions contemplated thereby, or that would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect, or any change in the current equity ownership of the Company. Neither the Company nor any Subsidiary nor, to the Company's knowledge, any of its or their officers or directors, is a party or is named as subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality. There is no action, suit, proceeding or investigation by the Company or any Subsidiary pending or which the Company or any Subsidiary intends to initiate. The foregoing includes, without limitation, actions, suits, proceedings or investigations pending or threatened in writing (or any basis therefor known to the Company or any Subsidiary) involving the prior employment of any of the Company's or any Subsidiary's employees, their use in connection with the Company's or any Subsidiary's business of any information or techniques allegedly proprietary to any of their former employers, or their obligations under any agreements with prior employers.

2.8 Intellectual Property. The Company and each Subsidiary owns or possesses sufficient legal rights to all patents, trademarks, service marks, tradenames, copyrights, trade secrets, licenses, information and proprietary rights and processes, in each instance to the extent material to and as used by it in connection with its respective business, which represent all material intellectual property rights necessary to the conduct of the Company's and each Subsidiary's respective businesses as now conducted and as presently contemplated to be conducted, without any known conflict with, or infringement of, the rights of others. There are no outstanding options, licenses, or agreements of any kind relating to the foregoing, nor is the Company or any Subsidiary bound by or a party to any options, licenses or agreements of any kind with respect to the patents, trademarks, service marks, trade names, domain names, copyrights, trade secrets, licenses, information, proprietary rights and processes of any other person or entity, except, in either case, for standard end-user, object code, internal-use software license and support/maintenance agreements. Neither the Company nor any Subsidiary has received any communications alleging that the Company or any Subsidiary has violated or, by conducting its business as proposed, would violate any of the patents, trademarks, service marks, tradenames, domain names, copyrights, trade secrets or other proprietary rights or processes of any other person or entity. To the Company's knowledge, none of its or its Subsidiary's employees is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would interfere with the use of such employee's best efforts to promote the interest of the Company or that would conflict with the Company's business. Neither the execution or delivery of the Loan Documents, nor the carrying on of the Company's and its Subsidiary's business by the employees of the Company and its Subsidiaries, nor the conduct of the Company's and the Subsidiary's business as proposed, will, to the Company's knowledge, conflict with or result in a breach of the terms, conditions, or provisions of, or constitute a default under, any contract, covenant or instrument under which any such employee is now obligated. The Company does not believe it is or will be necessary to use any inventions of any of its employees made prior to or outside the scope of their employment by the Company. Neither the Company nor any Subsidiary has embedded any open source, copy left or

community source code in any of its products generally available or in development, including but not limited to any GNU or GPL libraries or code. Set forth in Section 2.8 of the Schedule of Exceptions is a listing of all patents, trademarks and licenses of the Company and its Subsidiaries.

2.9 Compliance with Other Instruments. The Company is not in violation or default of any provisions of its Restated Certificate or Bylaws, or of any instrument, judgment, order, writ, or decree, or under any note, indenture, mortgage, lease, agreement, contract or purchase order to which it is a party or by which it is bound or of any provision of any federal or state statute, rule or regulation applicable to the Company or any Subsidiary, the violation of which would have a Material Adverse Effect. The execution, delivery and performance of the Loan Documents and the consummation of the transactions contemplated hereby or thereby will not result in any such violation or be in conflict with or constitute, with or without the passage of time and giving of notice, either a default under any such provision, instrument, judgment, order, writ, decree or contract or an event which results in the creation of any lien, charge or encumbrance upon any assets of the Company or any Subsidiary or the suspension, revocation, impairment, forfeiture or nonrenewal of any material permit, license, authorization or approval applicable to the Company or any Subsidiary, its or their prospects, business or operation, or any of its or their assets or properties.

2.10 Agreements; Actions.

(a) Other than (i) standard employee benefits generally made available to all employees, (ii) standard director and officer indemnification agreements approved by the Board of Directors, (iii) the purchase of shares of the Company's capital stock and the issuance of options and warrants to purchase shares of the Company's capital stock, in each instance, approved by the Board of Directors and (iv) the transactions contemplated by the Loan Documents, there are no agreements, understandings or proposed transactions between the Company or any Subsidiary and any of its officers, directors, affiliates, or any affiliate thereof.

(b) Except for the Loan Documents, there are no agreements, understandings, instruments, contracts or proposed transactions to which the Company or any Subsidiary is a party or by which it is bound that involve (i) obligations (contingent or otherwise) of, or payments to, the Company or any Subsidiary in excess of, \$10,000, (ii) the license of any patent, copyright, trade secret or other proprietary right to or from the Company or any Subsidiary other than (A) the license of the Company's and/or its Subsidiary's software and products in the ordinary course of business or (B) the license to the Company or any Subsidiary of generally commercially available "off-the-shelf" third-party products), or (iii) the grant of rights to manufacture, produce, assemble, license, market, or sell its products to any other person or affect the Company's or any Subsidiary's exclusive right to develop, manufacture, assemble, distribute, market or sell its products.

(c) Except as set forth on Section 2.10(c) of the Schedule of Exceptions, neither the Company nor any Subsidiary has (i) declared or paid any dividends, or authorized or made any distribution upon or with respect to any class or series of its capital stock, (ii) outstanding any indebtedness for money borrowed or incurred any other liabilities individually in excess of \$10,000 or in excess of \$50,000 in the aggregate, (iii) made any loans

or advances to any person, other than ordinary advances for travel expenses, or (iv) sold, exchanged or otherwise disposed of any of its assets or rights, other than the sale of its inventory in the ordinary course of business.

(d) For the purposes of subsections (b) and (c) above, all indebtedness, liabilities, agreements, understandings, instruments, contracts and proposed transactions involving the same person or entity (including persons or entities the Company has reason to believe are affiliated with that person or entity) shall be aggregated for the purposes of meeting the individual minimum dollar amounts of each such subsection.

(e) Neither the Company nor any Subsidiary has engaged in the past three months in any discussion with any representative of any corporation, partnership, trust, joint venture, limited liability company, association or other entity, or any individual, regarding (i) a sale, licensing or other transfer of all or a significant part of the Company's or any Subsidiary's assets, (ii) any merger, consolidation or other business combination transaction of the Company or any Subsidiary with or into another corporation, entity or person, other than a transaction in which the holders of at least a majority of the shares of voting capital stock of the Company outstanding immediately prior to such transaction continue to hold (either by such shares remaining outstanding or by their being converted into shares of voting capital stock of the surviving entity) a majority of the total voting power represented by the shares of voting capital stock of the Company (or the surviving entity) outstanding immediately after such transaction, or (iii) the direct or indirect acquisition (including by way of a tender or exchange offer) by any person, or persons acting as a group, of beneficial ownership or a right to acquire beneficial ownership of shares representing a majority of the voting power of the then outstanding shares of capital stock of the Company.

(f) Except as set forth on Section 2.10(f) of the Schedule of Exceptions, there are no agreements, instruments or contracts to which the Company or any Subsidiary is a party or by which it is bound under which the consequences of a default or termination would result in a Material Adverse Effect.

(g) All of the agreements, instruments and contracts required to be set forth on Section 2.10(f) of the Schedule of Exceptions to which the Company or any Subsidiary is a party are valid, binding and enforceable in accordance with their respective terms. Neither the Company nor any Subsidiary is, and to the Company's knowledge no counterparty thereto is, in default under or in breach of any agreement, instrument or contract required to be set forth on Section 2.10(f) of the Schedule of Exceptions.

2.11 Disclosure. To the Company's knowledge, none of the Loan Documents contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein not misleading.

2.12 Related-Party Transactions. Except as set forth on Section 2.12 of the Schedule of Exceptions, no employee, officer or director of the Company or any Subsidiary (a "Related Party") or member of such Related Party's immediate family, or any corporation, partnership or other entity in which such Related Party is an officer, director or partner or in which such Related Party has an ownership interest or that such Related Party otherwise

controls, is indebted to the Company or any Subsidiary, nor is the Company or any Subsidiary indebted (or committed to make loans or extend or guarantee credit) to any of them. To the Company's knowledge, none of such persons have any direct or indirect ownership interest in any firm or corporation with which the Company or any Subsidiary is affiliated or with which the Company or any Subsidiary has a business relationship, or any firm or corporation that competes with the Company or any Subsidiary, except that Related Parties and members of their immediate families may own stock in (but not exceeding 2% of the outstanding capital stock of) publicly traded companies that may compete with the Company or any Subsidiary. To the Company's knowledge, no Related Party or member of their immediate families is directly or indirectly interested in any material contract with the Company or any Subsidiary. Neither the Company nor any Subsidiary is a guarantor or indemnitor of any indebtedness of any other person, firm or corporation.

2.13 Rights of Registration and Voting Rights. Except as provided in the Investors' Rights Agreement, the Company is not under any obligation to register under the Securities Act any of its currently outstanding securities or any securities issuable upon exercise or conversion of its currently outstanding securities. To the Company's knowledge, except as contemplated in the Voting Agreement, no stockholder of the Company has entered into any agreements with respect to the voting of capital shares of the Company.

2.14 Title to Property and Assets. The Company and each of its Subsidiaries owns its property and assets free and clear of all mortgages, deeds of trust, liens, loans and encumbrances, except for statutory liens for the payment of current taxes that are not yet delinquent and encumbrances and liens that arise in the ordinary course of business and do not materially impair the Company's or such applicable Subsidiary's ownership or use of such property or assets. With respect to the property and assets it leases, the Company and each Subsidiary is in compliance with such leases and, to its knowledge, holds a valid leasehold interest free of any liens, claims or encumbrances other than to the lessors of such property or assets.

2.15 Financial Statements; Liabilities.

(a) The Company has annexed to the Schedule of Exceptions complete and correct copies of: (i) the Company's audited consolidated balance sheet dated as of December 31, 2009 and the related statements of operations, shareholders' equity, and cash flows for the twelve (12) months then ended; and (ii) the Company's unaudited consolidated balance sheet dated as of August 31, 2010 and the related statements of operations, shareholders' equity, and cash flows for the eight (8) months then ended (collectively, the "Financial Statements"). The Financial Statements are consistent with the books and records of the Company and its Subsidiaries and present fairly the assets, liabilities, financial condition and results of operations of the Company and its Subsidiaries, as and at the dates and for the periods indicated. The Financial Statements have been prepared in accordance with United States generally accepted accounting principles (except insofar as they may not contain certain footnotes), applied on a consistent basis throughout the periods covered, and have been prepared in good faith by the Company's management from the books and records of the Company. To the Company's knowledge, the footnotes contained in the Financial Statements are true and correct in all material respects.

(b) Neither the Company nor any Subsidiary has any liabilities, except for: (i) liabilities reflected on the Financial Statements; (ii) accounts payable incurred in the ordinary course of business since the date of the last balance sheet reflected in the Financial Statements; (iii) liabilities under agreements to which the Company or a Subsidiary is a party and which are listed on the Schedule of Exceptions (and copies of which have been provided to Investor in the online dataroom); (iv) liabilities incurred in connection with the negotiation and preparation of the Loan Documents; (v) liabilities that are not material, individually or in the aggregate; and (vi) obligations under contracts and commitments incurred in the ordinary course of business which would not be required under generally accepted accounting principles to be reflected in the Financial Statements. Neither the Company nor any Subsidiary is a guarantor or indemnitor of any indebtedness of any other person, firm or corporation.

2.16 Changes. Since December 31, 2009, there has not been:

(a) any change in the assets, liabilities, financial condition or operating results of the Company or its Subsidiaries from that reflected in the Financial Statements, except changes in the ordinary course of business that have not been, in the aggregate, materially adverse to the Company or its Subsidiaries;

(b) any damage, destruction or loss, whether or not covered by insurance, that constitutes a Material Adverse Effect;

(c) any waiver or compromise by the Company or its Subsidiaries of a valuable right or of a material debt owed to it;

(d) any satisfaction or discharge of any lien, claim, or encumbrance or payment of any obligation by the Company or any Subsidiary, except in the ordinary course of business and the satisfaction or discharge of which would not have a Material Adverse Effect;

(e) any material change to a material contract or agreement by which the Company or any Subsidiary or any of its or their assets is bound or subject;

(f) any material change in any compensation arrangement or agreement with any employee, officer, director or stockholder;

(g) any sale, assignment or transfer by the Company or any Subsidiary of any patents, trademarks, copyrights, trade secrets or other intangible assets by the Company or any Subsidiary;

(h) any resignation or termination of employment of any officer or key employee of the Company or any Subsidiary;

(i) any material change, except in the ordinary course of business, in a contingent obligation of the Company or any Subsidiary by way of guaranty, endorsement, indemnity, warranty or otherwise;

(j) any mortgage, pledge, transfer of a security interest in, or lien, created by the Company or any Subsidiary, with respect to any of its material properties or

assets, except liens for taxes not yet due or payable and liens that arise in the ordinary course of business and do not materially impair the Company's or any Subsidiary's ownership or use of such property or assets;

(k) any loans or guarantees made by the Company or any Subsidiary to or for the benefit of its employees, officers or directors, or any members of their immediate families, other than travel advances and other advances made in the ordinary course of its business;

(l) any declaration, setting aside or payment or other distribution in respect to any of the Company's or any Subsidiary's capital stock, or any direct or indirect redemption, purchase, or other acquisition of any of such stock by the Company or any Subsidiary;

(m) to the Company's knowledge, any other event or condition of any character, other than events affecting the economy or the Company's industry generally, that could reasonably be expected to result in a Material Adverse Effect;

(n) to the Company's knowledge, any material adverse change in the prospects of the Company and its Subsidiaries, taken together as a whole; or

(o) any arrangement or commitment by the Company or any Subsidiary to do any of the things described in this Section 2.16.

2.17 Employee Benefit Plans. Section 2.17 of the Schedule of Exceptions sets forth all employee benefit plans maintained, established or sponsored by the Company, or in or to which the Company participates or contributes, which are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Company has made all required contributions and has no liability to any such employee benefit plan, other than liability for health plan continuation coverage described in Part 6 of Title I(B) of ERISA, and has complied with all applicable laws for any such employee benefit plan.

2.18 Tax Returns and Payments. The Company and its Subsidiaries have filed (or will file on or before the applicable due date, including any extensions of such due date) all tax returns and reports as required by law. These returns and reports are (or will be) true and correct in all material respects. The Company and its Subsidiaries have paid all taxes and other assessments due.

2.19 Insurance. The Company has in full force and effect fire and casualty insurance policies, with extended coverage, sufficient in amount (subject to reasonable deductibles) to allow it to replace any of its properties that might be damaged or destroyed.

2.20 Labor Agreements and Actions. Neither the Company nor any Subsidiary is bound by or subject to (and none of its assets or properties is bound by or subject to) any written or oral, express or implied, contract, commitment or arrangement with any labor union, and no labor union has requested or, to the Company's knowledge, has sought to represent any of the employees, representatives or agents of the Company or any Subsidiary. There is no strike or

other labor dispute involving the Company or any Subsidiary pending, or to the Company's knowledge threatened, which could have a Material Adverse Effect, nor is the Company aware of any labor organization activity involving its employees. To the Company's knowledge, no officer or key employee intends to terminate their employment with the Company or any Subsidiary, nor does the Company or any Subsidiary have any present intention to terminate the employment of any officer or key employee. The employment of each officer and employee of the Company is terminable at the will of the Company. The Company has complied in all material respects with all applicable state and federal equal employment opportunity laws and with other laws related to employment.

2.21 Confidential Information and Invention Assignment Agreements. Each employee, consultant and officer of the Company has executed an agreement with the Company regarding confidentiality and proprietary information substantially in the form or forms delivered to the Investors. The Company is not aware that any of its employees or consultants is in violation thereof, and the Company will use commercially reasonable efforts to prevent any such violation.

2.22 Permits. The Company and each Subsidiary has all franchises, permits, licenses and any similar authority necessary for the conduct of its business, the lack of which could have a Material Adverse Effect. Neither the Company nor any Subsidiary is in default in any material respect under any of such franchises, permits, licenses or other similar authority.

2.23 Corporate Documents. The Restated Certificate and Bylaws of the Company are in the form provided to the Investors.

2.24 Real Property Holding Corporation. The Company is not a "United States real property holding corporation" within the meaning of the Code and any applicable regulations promulgated thereunder.

2.25 Environmental and Safety Laws. Neither the Company nor any Subsidiary is in violation of any applicable statute, law or regulation relating to the environment or occupational health and safety, and to the Company's knowledge, no material expenditures are or will be required in order to comply with any such existing statute, law or regulation. No Hazardous Materials (as defined below) are used or have been used, stored, or disposed of by the Company or any Subsidiary or, to the Company's knowledge, by any other person or entity on any property owned, leased or used by the Company. For the purposes of the preceding sentence, "Hazardous Materials" shall mean (a) materials which are listed or otherwise defined as "hazardous" or "toxic" under any applicable local, state, federal and/or foreign laws and regulations that govern the existence and/or remedy of contamination on property, the protection of the environment from contamination, the control of hazardous wastes, or other activities involving hazardous substances, including building materials or (b) any petroleum products or nuclear materials.

2.26 Illegal Payments. No officer, director, employee or agent of the Company or any of its Subsidiaries has been or is authorized to make or receive, and to the Company's knowledge, no such individual has made or received, any bribe, kickback or other illegal payment.

2.27 Private Placement Memorandum. To the Company's knowledge, and subject to clause 5.3, the information set out in the draft Confidential Private Placement Memorandum dated October 2010 in relation to the offering of \$35m Series D Convertible Preferred Stock provided to the Investor are true and correct in all material respects.

3. Representations and Warranties of the Investor. Each Investor on behalf of herself, himself or itself hereby represents and warrants to the Company that:

3.1 Authorization. Such Investor has full power and authority to enter into the Loan Documents. The Loan Documents, when executed and delivered by such Investor, will constitute valid and legally binding obligations of such Investor, enforceable in accordance with their terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and any other laws of general application affecting enforcement of creditors' rights generally, and as limited by laws relating to the availability of a specific performance, injunctive relief, or other equitable remedies, or (b) to the extent the indemnification provisions contained in the Investors' Rights Agreement may be limited by applicable federal or state securities laws.

3.2 Purchase Entirely for Investor's Own Account. This Agreement is made with such Investor in reliance upon such Investor's representation to the Company, which by such Investor's execution of this Agreement, such Investor hereby confirms, that the New Securities to be acquired by such Investor will be acquired for investment for such Investor's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that such Investor has no present intention of selling, granting any participation interest in, or otherwise distributing the same. By executing this Agreement, such Investor further represents that such Investor does not presently have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participation interest to such person or to any third person, with respect to any of the New Securities. If such Investor is a corporation, partnership or other entity, such Investor has not been formed for the specific purpose of acquiring the New Securities.

3.3 Disclosure of Information. Such Investor represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Notes and the Warrants and the business, properties, prospects and financial condition of the Company. The foregoing, however, does not limit or modify the representations and warranties of the Company in Section 2 of this Agreement or the right of such Investor to rely on such representations and warranties.

3.4 Restricted Securities. Such Investor understands that the New Securities will be characterized as "restricted securities" under the federal securities laws, inasmuch as they are being acquired from the Company in a transaction not involving a public offering, and that under such laws and applicable regulations such New Securities may not be resold without registration under the Securities Act, except in certain limited circumstances. In this connection, such Investor represents that it is familiar with Rule 144 promulgated under the Securities Act, as presently in effect, and understands the resale limitations imposed thereby and by the Securities

Act. Such Investor acknowledges that the Company has no obligation to register or qualify the New Securities for resale, except as set forth in the Investors' Rights Agreement. Such Investor further acknowledges that if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for the New Securities, and on requirements relating to the Company that are outside such Investor's control, and which the Company is under no obligation and may not be able to satisfy.

3.5 No Public Market. Such Investor understands that no public market now exists for any of the securities issued by the Company, and that the Company has made no assurances that a public market will ever exist for the New Securities.

3.6 Legends. Such Investor understands that the New Securities may bear one or all of the following legends:

(a) "THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISTRIBUTION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933."

(b) "THE SECURITY REPRESENTED BY THIS CERTIFICATE WAS ORIGINALLY ISSUED ON [●], AND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE TRANSFER OF SUCH SECURITY IS SUBJECT TO THE CONDITIONS SPECIFIED IN: (A) THE STOCK PURCHASE WARRANT, DATED AS OF [●] (AS AMENDED AND MODIFIED FROM TIME TO TIME), BETWEEN THE ISSUER HEREOF (THE "COMPANY") AND THE INITIAL HOLDER HEREOF; (B) THE COMPANY'S STOCKHOLDERS' AGREEMENT; AND (C) THE COMPANY'S INVESTORS' RIGHTS AGREEMENT, AND THE COMPANY RESERVES THE RIGHT TO REFUSE THE TRANSFER OF SUCH SECURITY UNTIL SUCH CONDITIONS HAVE BEEN FULFILLED WITH RESPECT TO SUCH TRANSFER. UPON WRITTEN REQUEST, A COPY OF SUCH CONDITIONS SHALL BE FURNISHED BY THE COMPANY TO THE HOLDER HEREOF WITHOUT CHARGE. THIS WARRANT IS PART OF A UNIT AND IS NOT DETACHABLE FROM THE NOTES REFERENCED BELOW."

(c) "THIS CONVERTIBLE PROMISSORY NOTE AND THE UNDERLYING SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NO SALE OR DISPOSITION THEREOF MAY BE EFFECTED EXCEPT IN COMPLIANCE WITH RULE 144 UNDER SUCH ACT OR AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL FOR THE HOLDER SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT OR RECEIPT OF A NO-ACTION LETTER FROM THE SECURITIES AND EXCHANGE COMMISSION. THIS

CONVERTIBLE PROMISSORY NOTE IS PART OF A UNIT AND IS NOT DETACHABLE FROM THE WARRANTS REFERENCED BELOW.”

(d) Any legend set forth in or required by the other Loan Documents, the Stockholders Agreement or Investors’ Rights Agreement.

(e) Any legend required by the securities laws of any state to the extent such laws are applicable to the shares represented by the certificate so legended.

3.7 Accredited Investor. Such Investor is an accredited investor as defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

3.8 Foreign Investors. If such Investor is not a United States person (as defined by Section 7701(a)(30) of the Code), such Investor hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to purchase the Notes and the Warrants or any use of this Agreement, including (i) the legal requirements within its jurisdiction for the purchase of the Notes and the Warrants, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale, or transfer of the Notes and the Warrants. Such Investor’s subscription and payment for and continued beneficial ownership of the Notes and the Warrants will not violate any applicable securities or other laws of such Investor’s jurisdiction. The funds used to purchase the Notes and the Warrants do not violate the anti-money laundering provisions of the Money Laundering Control Act of 1986 or the Bank Secrecy Act of 1970, as amended by the USA Patriot Act of 2001.

3.9 No General Solicitation. Neither such Investor, nor any of its officers, employees, agents, directors, stockholders or partners has engaged the services of a broker, investment banker or finder to contact any potential investor nor has such Investor or any of such Investor’s officers, employees, agents, directors, stockholders or partners, agreed to pay any commission, fee or other remuneration to any third party to solicit or contact any potential investor. Neither such Investor, nor any of its officers, directors, employees, agents, stockholders or partners has (a) engaged in any general solicitation, or (b) published any advertisement in connection with the offer and sale of the Notes and the Warrants.

4. Miscellaneous.

4.1 Survival. The representations and warranties made in this Agreement by the Company and each of the Investors shall survive for a period of one (1) year after the Signing Date. The covenants and agreements made in this Agreement by the Company and each of the Investors shall survive the date of this Agreement until all obligations with respect thereto shall have been performed or satisfied or shall have been terminated in accordance with their terms.

4.2 Use of Proceeds. The Company shall use the net proceeds from the sale of the Notes and the Warrants hereunder solely to finance the operations of the Company and its Subsidiaries currently projected during the six months immediately following the First Closing Date.

4.3 Projections. In connection with the Investors' investigation of the Company and its Subsidiaries, the Investors have received from the Company and its representatives certain projections, forecasts and business plan information, including those set out in a draft Confidential Private Placement Memorandum dated October 2010 in relation to the offering of \$35m Series D Convertible Preferred Stock (the "Projections"). Each of the Investors acknowledges and agrees that (a) there are uncertainties inherent in attempting to make such Projections, (b) it is familiar with such uncertainties, (c) there can be no assurances that the Projections are accurate or that the Projections will be realized, (d) that such Investor is taking full responsibility for making its own evaluation of the adequacy and accuracy of all Projections so furnished to it and (e) none of such Investor nor any of its affiliates shall have a claim against the Company, its Subsidiaries or their respective affiliates or representatives with respect thereto. Accordingly, each of the Investors acknowledges and confirms that (i) other than the Company's representation that any such Projections were prepared in good faith and based on assumptions believed by the Company to be reasonable, the Company and its Subsidiaries and their respective affiliates and representatives have made no representations or warranties, express or implied, with respect to, and shall not be liable to such Investor or any of its affiliates or representatives with respect to, any such Projections and (ii) such Investor has not relied on any Projection received from the Company, any of its Subsidiaries or any of their respective affiliates or representatives or any other person (but, instead, has relied only on the premise that each such Projection was prepared in good faith and is based on assumptions believed by the Company to be reasonable) in determining to enter into this Agreement.

4.4 Transfer; Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties, including transferees of any New Securities. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

4.5 Governing Law. All issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware. In furtherance of the foregoing, the internal law of the State of Delaware shall control the interpretation and construction of this Agreement, even though under Delaware's choice of law or conflict of law analysis, the substantive law of some other jurisdiction would ordinarily apply.

4.6 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

4.7 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

4.8 Notices. All notices, demands or other communications to be given under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have

been given (a) when delivered personally to the recipient, (b) when sent to the recipient by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, but if not, then on the next business day, (c) if the recipient is located in the United States, one business day after it is sent to the recipient by reputable overnight courier service (charges prepaid) or (d) if the recipient is located in the United States, three days after it is mailed to the recipient by first class mail, return receipt requested. Such notices, demands and other communications shall be sent to the Company at the address specified below and to the Investors at the address set forth next to such Investor's name on Exhibit A, or at such address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party. Any party may change its address for receipt of notice by providing prior written notice of the change to the sending party.

(a) If to the Company, to:

Quartics, Inc.
15241 Laguna Canyon Road, Suite 200
Irvine, CA 92618
Attention: Adeel Ahmed
Facsimile: +1-949-266-8872
Email: adeel@quartics.com

with a copy (which shall not constitute notice) to:

Kirkland & Ellis International LLP
333 South Hope Street
Los Angeles, California 90071
Attention: Eva H. Davis
Facsimile: +1-213-680-8500
Email: eva.davis@kirkland.com

4.9 Finders Fee. Except as set forth on Section 4.9 of the Schedule of Exceptions, the Company represents that it neither is nor will be obligated to pay any finder's fee or commission in connection with the transactions contemplated under this Agreement.

4.10 Attorney's Fees. If any action at law or in equity (including arbitration) is necessary to enforce or interpret the terms of any of the Loan Documents, 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.

4.11 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Company and the holders of at least seventy percent (70%) of the then-outstanding Total Loan Amount (the "Requisite Holders").

4.12 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as though such provision were so excluded and shall be enforceable in accordance with its terms.

4.13 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party under this Agreement, upon any breach or default of another party to this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

4.14 Entire Agreement. This Agreement, together with the Notes and Warrants, constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and any and all other written or oral agreements relating to the subject matter hereof existing between the parties hereto are expressly canceled.

4.15 Corporate Securities Law. THE SALE OF THE SECURITIES WHICH ARE THE SUBJECT OF THIS AGREEMENT HAS NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF THE SECURITIES OR THE PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFOR PRIOR TO THE QUALIFICATION IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPT FROM THE QUALIFICATION BY SECTION 25100, 25102 OR 25105 OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS AGREEMENT ARE EXPRESSLY CONDITIONED UPON THE QUALIFICATION BEING OBTAINED UNLESS THE SALE IS SO EXEMPT.

4.16 Further Assurances. From time to time, as and when requested by any party hereto and at such party's expense, the other parties shall execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions as the requesting party may reasonably deem necessary or desirable to evidence and effectuate the transactions contemplated by the Loan Documents.

[Signature Pages Follow]

The parties have executed this Agreement as of the date first written above.

COMPANY:

QUARTICS, INC.

By:



Sherjil Ahmed
President

[Signature Pages – Note and Warrant Purchase Agreement – 2010 Bridge (Third Closing)]

TRADEMARK
REEL: 004761 FRAME: 0375

The parties have executed this Agreement as of the date first written above.

INVESTOR:

WALL STREET ACCESS

By: Arthur Goetzhus
Name: ARTHUR GOETZHUS
Title: CHIEF OPERATING OFFICER

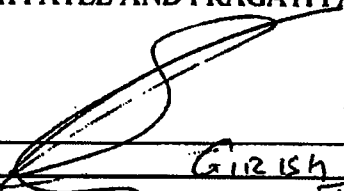
[Signature Pages – Note and Warrant Purchase Agreement – 2010 Bridge (Third Closing)]

TRADEMARK
REEL: 004761 FRAME: 0376

The parties have executed this Agreement as of the date first written above.

INVESTOR:

GIRISH PATEL AND PRAGATI PATEL FAMILY TRUST

By: 
Name: GIRISH PATEL MD
Title: Trustee

11/15/2010

[Signature Pages - Note and Warrant Purchase Agreement - 2010 Bridge (Third Closing)]

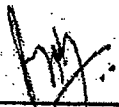
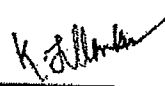
TRADEMARK
REEL: 004761 FRAME: 0377

The parties have executed this Agreement as of the date first written above.

INVESTOR:

THE MEYYAPPAN-KANNAPPAN FAMILY TRUST

By:

 
Name: KANNAPPAN MEYYAPPAN & TILLAIKARASI KANNAPPAN
Title: CO-TRUSTEES OF THE TRUST

[Signature Pages – Note and Warrant Purchase Agreement – 2010 Bridge (Third Closing)]

The parties have executed this Agreement as of the date first written above.

INVESTOR:

GREEN SEQUOIA LP

By: Brij Khambh
Name: BRIT KHAMBH
Title: GENERAL PARTNER

[Signature Pages - Note and Warrant Purchase Agreement - 2010 Bridge (Third Closing)]

EXHIBIT A

SCHEDULE OF INVESTORS

<u>Investor</u>	<u>Copy of Notices</u>	<u>Loan Amount</u>	<u>Number of shares of Warrant Stock</u>	<u>Warrant Purchase Price</u>
WALL STREET ACCESS 17 Battery Pl., 11th Fl. New York, New York 10004 Attention : Arthur Goetchius Tel : (212) 709-9453 Fax (212) 709-9870 Email: art.goetchius@wsaccess.com		\$250,000	37,500	\$3.75
GIRISH PATEL AND PRAGATI PATEL FAMILY TRUST 10800 Ramsgate Way Bakersfield, California 93311 Attention : Girish Patel Tel : (661) 496-9100 Fax (661) 664-9495 Email: gpatel@bak.rr.com		\$2,000,000	300,000	\$30
THE MEYYAPPAN-KANNAPPAN FAMILY TRUST 2711 Trengate Way Bakersfield, California 93311 Attention : Kanna Meyyappan Tel : (661) 900 3804 Fax (661) 664 4567 Email: Kanna.Mey@gmail.com		\$150,000	22,500	\$2.25
GREEN SEQUOIA LP [] Tel : [] Fax [] Email: []		\$600,000	90,000	\$9.00
TOTAL		\$3,000,000	450,000	\$45

EXHIBIT B

FORM OF CONVERTIBLE PROMISSORY NOTE

TRADEMARK

REEL: 004761 FRAME: 0381

THIS SECURED CONVERTIBLE PROMISSORY NOTE AND THE UNDERLYING SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NO SALE OR DISPOSITION THEREOF MAY BE EFFECTED EXCEPT IN COMPLIANCE WITH RULE 144 UNDER SUCH ACT OR AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL FOR THE HOLDER SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT OR RECEIPT OF A NO-ACTION LETTER FROM THE SECURITIES AND EXCHANGE COMMISSION. THIS SECURED CONVERTIBLE PROMISSORY NOTE IS PART OF A UNIT AND IS NOT DETACHABLE FROM THE WARRANTS REFERENCED BELOW.

QUARTICS, INC.

SECURED CONVERTIBLE PROMISSORY NOTE

[\$●]

[●], 2010 ("Issue Date")
Irvine, California

FOR VALUE RECEIVED, QUARTICS, INC., a Delaware corporation (the "*Company*"), hereby unconditionally promises to pay to the order of [●](the "*Investor*"), in lawful money of the United States and in immediately available funds, the principal amount of \$[●] (the "*Principal Amount*"), together with accrued and unpaid interest thereon calculated as set forth in Section 4 (collectively, the "*Loan Balance*"), which shall be due and payable on the dates and in the manner set forth in this Convertible Promissory Note (this "*Note*").

This Note has been issued as part of a series of similar notes (collectively, the "*Notes*") issued pursuant to the terms of that certain Note and Warrant Purchase Agreement, dated as of October 8, 2010 (the "*Agreement*"), by and among the Company and the individuals and entities listed on Exhibit A attached thereto (the "*Investors*"). This Note and Warrant No. [●] issued pursuant to the Agreement are being issued as a Unit and shall not be detachable.

The obligations of the Company under this Note are secured pursuant to the provisions of the Security Agreement dated October 8, 2010.

1. DEFINITIONS. Capitalized terms used and not otherwise defined herein are intended to have the meanings given to them in the Agreement. In addition, the following capitalized terms used herein shall have the following respective meanings:

1.1 "Common Stock" shall mean the Company's common stock, par value \$0.0001 per share.

1.2 "Company Sale" shall mean any: (i) Qualifying IPO, (ii) any reorganization, consolidation or merger of the Company in which the holders of the Company's outstanding voting securities immediately prior to such transaction do not retain voting securities representing a majority of the voting power of the surviving entity (or its parent) following the closing of such transaction; or (ii) any sale, transfer or exclusive license to a third party of all or substantially all of the assets of the Company.

1.3 **"Conversion Shares"** shall mean, as of any date, (i) the Series C-2 Preferred Stock if there has been no Non-Qualifying Financing or Qualifying Financing on or prior to such date, (ii) the Qualifying Financing Shares if there has been a Qualifying Financing on or prior to such date, the (iii) the Non-Qualifying Financing shares if there has been a Non-Qualifying Financing on or prior to such date.

1.4 **"Non-Qualifying Financing"** shall mean the Company's next preferred stock or Common Stock financing involving the receipt by the Company of aggregate gross proceeds of less than \$20,000,000.

1.5 **"Non-Qualifying Financing Price"** shall mean the lowest price per Non-Qualifying Financing Share paid by any investor in connection with the Non-Qualifying Financing.

1.6 **"Non-Qualifying Financing Shares"** shall mean the shares of the Company's equity securities sold and issued to investors in connection with a Non-Qualifying Financing.

1.7 **"Other Purchase Agreement"** shall mean the Note and Warrant Purchase Agreement dated as of September 24, 2010 by and between the Company and Seven Hills Group USA, LLC pursuant to which \$500,000 aggregate principal amount of notes were issued thereunder (the **"Other Notes"**) having substantially comparable terms as the Notes.

1.8 **"Qualifying Financing"** shall mean the Company's next preferred stock or Common Stock financing involving the receipt by the Company of aggregate gross proceeds of at least \$20,000,000.

1.9 **"Qualifying Financing Price"** shall mean the lowest price per Qualifying Financing Share paid by any investor in connection with the Qualifying Financing.

1.10 **"Qualifying Financing Shares"** shall mean the shares of the Company's equity securities sold and issued to investors in connection with a Qualifying Financing.

1.11 **"Qualifying IPO"** shall mean the Company's first firm-commitment underwritten public offering of its Common Stock pursuant to an effective registration statement under the Securities Act.

1.12 **"Requisite Holders"** shall mean the holders of at least 70% of the then-outstanding Total Loan Amount.

1.13 **"Restated Certificate"** shall mean the Amended and Restated Certificate of Incorporation of the Company, as amended from time to time following the date hereof.

1.14 **"Second Closing Date"** shall mean October 8, 2010.

1.15 **"Series C-2 Preferred Stock"** shall mean the Series C-2 Preferred Stock of the Company, par value \$0.0001 per share.

1.16 **"Total Loan Amount"** shall mean, as of any date, the aggregate Principal Amount of all Notes and Other Notes outstanding as of such date.

2. **MATURITY DATE.** Unless converted in full pursuant to Section 5 prior thereto, the Loan Balance shall be due and payable on the date seven months following the Second Closing Date (the **"Original Maturity Date"**). If a Qualifying Financing has not occurred prior to the Original Maturity Date, the Original Maturity Date shall be extended for a period of up to one hundred twenty (120) days (such period being referred to as the **"Extension Period"** and such end date being referred to as the **"Extended Maturity Date"**) unless the Requisite Holders shall have delivered to the Company at least 10 days (but no more than 30 days) prior to the Original Maturity Date written notice (on behalf of all holders of all Notes, including the Investor, and with respect to all Notes, including this Note) informing the Company of the Requisite Holders' intent to have the Loan Balance paid in full on the Original Maturity Date; and provided further that Investor shall, at its sole option, be entitled to accelerate the Original Maturity Date or Extended Maturity Date, as applicable, of this Note in the event of the closing of a Company Sale, such that the Loan Balance shall automatically become due and payable as of immediately prior to the closing of such Company Sale.

3. **PAYMENTS.** The accrued but unpaid interest on the Principal Balance may be paid at any time by the Company, in whole or in part, without the consent of any Investor, provided that the Company shall not make any payments on the Principal Amount prior to the expiry of three full months after the Issue Date. On or after the expiry of three full months following the Issue Date, any or all of the Principal Amount may be prepaid at any time by the Company, in whole or in part, without the consent of any Investor. Payments under this Note shall be made in lawful money of the United States by wire transfer or other form of immediately available funds acceptable to Investor at the address of Investor set forth on the signature page hereto or at such other place as Investor shall have designated in writing. All payments with respect to the Notes and the Other Notes shall be made ratably among all Investors and the Other Investor (based on the Loan Balance then outstanding and held by each of the Investors and the Other Investors) and shall first be applied to accrued but unpaid interest and thereafter to the Principal Amount.

4. **INTEREST RATE.** The Company shall pay interest on the Principal Amount from the date hereof until payment in full, which interest shall be payable at the rate of ten percent (10%) per annum or the maximum rate permissible by law (which under the laws of the State of California shall be deemed to be the laws relating to permissible rates of interest on commercial loans), whichever is less. The aggregate amount of interest due under this Note pursuant to this Section 4 shall be calculated with respect to any given period by multiplying the then-outstanding Principal Amount by the product of: (i) the number of days in such period; multiplied by (ii) the applicable daily interest rate, calculated on the basis of a 360-day year.

5. **CONVERSION RIGHTS.**

5.1 **Conversion Upon Qualifying Financing On or Prior to Original Maturity Date.** The Company shall provide notice to each Investor of the actual or anticipated closing of a Qualifying Financing prior to the tenth (10th) Business Day following to such closing (a **"Qualifying Financing Notice"**). In the event of the actual closing of a Qualifying

Financing on or prior to the Original Maturity Date, (i) each Investor may, at such Investor's option by delivery of an irrevocable written notice to the Company (within five (5) Business Days of delivery of such Qualifying Financing Notice to such Investor), elect to convert all or part of such Investor's unpaid Principal Amount as stated in such Investor's irrevocable written notice into that whole number of Qualifying Financing Shares as is determined by dividing such amount by 80% of the Qualifying Financing Price, and (ii) each Investor shall, if directed in the Qualifying Financing Notice or any other notice delivered by the Company prior to the tenth (10th) Business Day following the closing of the Qualifying Financing, convert an amount of such Investor's unpaid Principal Amount as stated in the Company's notice (which amount shall not exceed 50% of such unpaid Principal Amount) into that whole number of Qualifying Financing Shares as is determined by dividing such amount by 80% of the Qualifying Financing Price. In the event of the conversion of all or part of this Note pursuant to this Section 5.1: (i) Investor agrees to surrender this Note for conversion and cancellation (in whole or in part, as appropriate) at the closing of the Qualifying Financing and the Company and the Investor agree to execute all such documents (including any replacement Note where only part of the Note has been converted and cancelled) in connection with the conversion of all or part of this Note as may be reasonably required; (ii) the Company shall pay to Investor all accrued but unpaid interest on the unpaid Principal Amount to be converted; and (iii) the Company shall pay to Investor cash in an amount equal to that portion of the then-outstanding unpaid Principal Amount, if any, that would otherwise convert into a fractional Qualifying Financing Share pursuant to this Section 5.1.

5.2 Conversion Following Original Maturity Date. In the event that a Qualifying Financing has not occurred on or prior to the Original Maturity Date and an Extension Period is provided pursuant to Section 2, any Investor may, at its option by delivery of notice to the Company following the Original Maturity Date, convert all or any portion of its unpaid Principal Amount into that whole number of Conversion Shares as is determined by dividing such number of Conversion Shares by 70% of (i) \$0.4508 (with respect to any Series C-2 Preferred Stock); (ii) the Qualifying Financing Price (with respect to any Qualifying Shares) and (iii) the Non-Qualifying Financing Price (with respect to any Non-Qualifying Shares). In the event of the conversion of all or part of this Note pursuant to this Section 5.2: (i) Investor agrees to surrender this Note for conversion and cancellation (in whole or in part, as appropriate) and the Company and the Investor agree to execute all such documents (including any replacement Note where only part of the Note has been converted and cancelled) in connection with the conversion of all or part of this Note as may be reasonably required; (ii) the Company shall pay to Investor all accrued but unpaid interest on the unpaid Principal Amount to be converted; and (iii) the Company shall pay to Investor cash in an amount equal to that portion of the then-outstanding unpaid Principal Amount, if any, that would otherwise convert into a fractional Conversion Share pursuant to this Section 5.2.

5.3 Conversion Upon IPO. The Company shall provide written notice to each Investor of an actual or anticipated IPO (an "IPO Notice"). In the event of the closing of an IPO prior to the Original Maturity Date (or, in the event of an Extension Period, the Extended Maturity Date), each Investor may, at such Investor's option by delivery of an irrevocable written notice to the Company (within five (5) Business Days of delivery of such IPO Notice to such Investor), elect to convert all or part of such Investor's unpaid Principal Amount as stated in such Investor's irrevocable written notice into that number of whole IPO Shares as is determined

by dividing the then-outstanding unpaid Principal Amount by 80% of the price per IPO Share paid by investors in the IPO. In the event of the conversion of all or part of this Note pursuant to this Section 5.3: (i) Investor agrees to surrender this Note for conversion and cancellation (in whole or in part, as appropriate) at the closing of the IPO and the Company and the Investor agree to execute all documents (including any replacement Note where only part of the Note has been converted and cancelled) in connection with the conversion of all or part of this Note as may be reasonably required; (ii) the Company shall pay to Investor all accrued but unpaid interest on the unpaid Principal Amount to be converted; and (iii) the Company shall pay to Investor cash in an amount equal to that portion of the then-outstanding unpaid Principal Amount, if any, that would otherwise convert into a fractional IPO Share pursuant to this Section 5.3.

5.4 Conversion Upon Company Sale. The Company shall provide written notice to each Investor of an actual or anticipated Company Sale (a "Company Sale Notice"). In the event of the closing of a Company Sale prior to the Original Maturity Date (or, in the event of an Extension Period, the Extended Maturity Date), Investor may, at such Investor's option by delivery of an irrevocable written notice to the Company (within five (5) Business Days of delivery of such Company Sale Notice to such Investor), elect to convert all or part of such Investor's unpaid Principal Amount as stated in such Investor's irrevocable written notice into that number of whole shares of Series C-2 Preferred Stock as is determined by dividing the then-outstanding unpaid Principal Amount by \$0.36064. In the event of the conversion of all or part of this Note pursuant to this Section 5.4: (i) Investor agrees to surrender this Note for conversion and cancellation (in whole or in part, as appropriate) at the closing of the Company Sale and the Company and the Investor agree to execute all documents (including any replacement Note where only part of the Note has been converted and cancelled) in connection with the conversion of this Note as may be reasonably required; (ii) the Company shall pay to Investor all accrued but unpaid interest on the unpaid Principal Amount to be converted; and (iii) the Company shall pay to Investor cash in an amount equal to that portion of the then-outstanding unpaid Principal Amount, if any, that would otherwise convert into a fractional share of Series C-2 Preferred Stock pursuant to this Section 5.4.

6. EVENT OF DEFAULT.

6.1 Default. Each of the events or circumstances described in the following clauses (i) through (vi) shall be a "*Default*" hereunder: (i) the Company fails to pay when due any amount under this Note (or any other Note issued pursuant to the Agreement on the date the same becomes due and payable); (ii) any material representation or warranty made by the Company in any Loan Document failed to be true and correct, in any material respect, when made and such failure would have a material adverse effect on the Company; (iii) the Company commits any material breach of any covenant set forth in any Loan Document; (iv) the Company makes any assignment for the benefit of its creditors under applicable state law; (v) the Company is the subject of an involuntary petition for bankruptcy under any federal or state insolvency laws and such petition is not dismissed within ninety (90) days after the filing thereof; or (vi) the Company voluntarily files a petition for bankruptcy under any federal or state insolvency law. The Company shall promptly advise the Investor of any event or circumstance which constitutes a Default.

6.2 Cure Period. If a Default occurs and such Default is capable of being cured by the Company, then the Company shall have thirty (30) days following written notice from Investor of such Default and the circumstances thereof to cure such Default, provided that the events in clauses (i) and (iv) through (vi), inclusive, of Section 6.1 shall not be subject to any such cure period (any of the foregoing, an "*Uncurable Default*"). If a Default occurs and such Default is either an Uncurable Default or is not cured in all material respects within the thirty (30) day cure period, then the Investor may, at its option: (i) accelerate repayment of its then-outstanding Loan Balance, in which case such then-outstanding Loan Balance shall be immediately due and payable; and (ii) pursue any other legal or equitable remedies available to it.

6.3 Board Seat. If the Loan Balance has not been paid off in full by the date ten months following the Second Closing Date, and if Augustus Ventures Limited holds at least 50% of the Principal Amount of Notes it held on the Second Closing Date and the Third Closing Date, if any (as such terms are defined in the Purchase Agreement), then Augustus Ventures Limited shall be entitled to designate an additional member to the Company's Board of Directors.

7. PRO RATA PAYMENTS. In the event that the Company shall, at any time, become obligated to pay both: (i) the Loan Balance (or any portion thereof) to Investor; and (ii) the principal and accrued interest to date under any other Notes issued under the Agreement, and as of the time required of such payments, the Company does not have sufficient funds legally available to fully discharge the obligations in the foregoing clauses (i) and (ii), then the Company shall pay Investor, any other such holders of other Notes issued under the Agreement or the holder of Other Notes issued under the Other Agreement, in the aggregate, the maximum amount that the Company shall then be capable of paying out of legally available funds on a pro rata basis in proportion to the relative then-outstanding principal and accrued interest under this Note, such other Notes issued under the Agreement and the Other Notes issued under the Other Agreement, as the case may be. Upon such time, or from time to time, as the Company shall thereafter have sufficient funds legally available to further (or fully) discharge such outstanding obligations, the Company shall continue to make payments on the same pro rata basis until such obligations are fully discharged or waived. Nothing in this clause 7 will prevent any Investor from pursuing any legal or equitable remedies otherwise available to it.

8. NATURE OF OBLIGATIONS. This Note represents a senior obligation of the Company. Without the consent of the Investor, this Note shall not be subordinated to the prior payment in full of any other indebtedness.

9. WAIVER. The Company waives presentment and demand for payment, notice of dishonor, protest and notice of protest of this Note.

10. GOVERNING LAW. This Note shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

11. LOST NOTE. In the event of any loss of this Note by Investor, the Company shall execute a replacement promissory note in favor of Investor on the same terms and conditions of

this Note upon the receipt by the Company of an affidavit of lost note, in form and substance reasonably satisfactory to the Company (which, for the avoidance of doubt, shall include an indemnity in favor of the Company for any losses, liabilities, claims or other out-of-pocket expenses incurred by the Company as a result of Investor's loss of such Note), duly executed and delivered by Investor.

12. ASSIGNMENT. The rights and obligations of the Company and Investor will be binding upon and inure to the benefit of the successors, assigns, heirs, administrators and transferees of the parties and any assignment hereunder shall remain subject to the restrictions set forth in the Agreement.

13. AMENDMENTS. This Note may be amended, waived or modified, and any term or provision hereof (including, without limitation, provisions relating to the threshold for determining a Qualifying Financing) may be waived or departure therefrom consented or approved (either generally or in a particular instance and either retroactively or prospectively), only upon the written consent of the Requisite Holders and the Company; provided, however, that any specific term or provision of this Note (other than an amendment, waiver or modification to Section 6, which shall require the consent of the Requisite Holders and the Company) may not be amended, modified, or waived in a manner different from any other of the Notes without the specific written consent of the Investor and the Company; and provided, further, that no amendment, waiver or modification shall be made to the Original Maturity Date, the Extended Maturity Date or the interest rate without the consent of each Investor. Any amendment or modification of this Note, or waiver of any term or provision of this Note, shall be binding upon each holder hereof, together with their successors and assigns.

14. SENIORITY. Unless the Requisite Holders otherwise agree, no other indebtedness of the Company shall be senior to the Notes.

15. SECURITY. The Company has entered into a security agreement on or about the date hereof granting the holders of Notes and the holders of the Other Notes a security interest over all of the Company's intellectual property to the extent the Notes and the Other Notes remain outstanding.

16. COUNTERPARTS. This Note may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Company has caused this CONVERTIBLE PROMISSORY NOTE to be issued on the date first written above.

COMPANY:

QUARTICS, INC.

By: _____
Sherjil Ahmed
Chief Executive Officer

Address: 15241 Laguna Canyon Road
Suite 200
Irvine, CA 92618

INVESTOR:

[NAME]

By: _____
[Name]
[Title]

Address: _____

[SIGNATURE PAGE TO CONVERTIBLE PROMISSORY NOTE]

K&E 17688073.4

TRADEMARK
REEL: 004761 FRAME: 0389

EXHIBIT C
FORM OF WARRANT

THE SECURITY REPRESENTED BY THIS CERTIFICATE WAS ORIGINALLY ISSUED ON [●], AND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE TRANSFER OF SUCH SECURITY IS SUBJECT TO THE CONDITIONS SPECIFIED IN: (A) THE STOCK PURCHASE WARRANT, DATED AS OF [●] (AS AMENDED AND MODIFIED FROM TIME TO TIME), BETWEEN THE ISSUER HEREOF (THE "COMPANY") AND THE INITIAL HOLDER HEREOF; (B) THE COMPANY'S STOCKHOLDERS' AGREEMENT; AND (C) THE COMPANY'S INVESTORS' RIGHTS AGREEMENT, AND THE COMPANY RESERVES THE RIGHT TO REFUSE THE TRANSFER OF SUCH SECURITY UNTIL SUCH CONDITIONS HAVE BEEN FULFILLED WITH RESPECT TO SUCH TRANSFER. UPON WRITTEN REQUEST, A COPY OF SUCH CONDITIONS SHALL BE FURNISHED BY THE COMPANY TO THE HOLDER HEREOF WITHOUT CHARGE. THIS WARRANT IS PART OF A UNIT AND IS NOT DETACHABLE FROM THE NOTES REFERENCED BELOW.

QUARTICS, INC

STOCK PURCHASE WARRANT

Date of Issuance: [●]

Certificate No. W-[2__]

FOR VALUE RECEIVED, Quartics, Inc., a Delaware corporation (the "Company"), hereby issues to [●] (the "Registered Holder"), this Warrant. This Warrant is being issued, together with Notes in the aggregate principal amount of \$[●] (the "Notes"), as a Unit and shall not be detachable. Each Warrant represents the right to purchase from the Company [●] shares of the Company's Warrant Stock at a price per share of \$0.4508 (as adjusted from time to time in accordance herewith, the "Exercise Price"). This Warrant, together with the Notes referenced above, is issued pursuant to the terms of that certain Note and Warrant Purchase Agreement (the "Note and Warrant Purchase Agreement"), dated as of October 8, 2010, by and among the Company and the other signatories thereto. Certain capitalized terms used herein are defined in Section 3. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Note and Warrant Purchase Agreement. The amount and kind of securities obtainable pursuant to the rights granted hereunder and the purchase price for such securities are subject to adjustment pursuant to the provisions contained in this Warrant.

This Warrant is subject to the following provisions:

Section 1. Exercise or Exchange of Warrant.

1A. Exercise Period. The Registered Holder may exercise, in whole or in part (but not as to a fractional share of Warrant Stock), the purchase rights represented by this Warrant at any time and from time to time after the Date of Issuance to and including the date which is eight years after the Second Closing Date (the "Exercise Period").

1B. Exercise or Exchange of Procedure.

(i) Subject to the provisions of clause (x) below, this Warrant shall be deemed to have been exercised when the Company has received all of the following items (the "Exercise Time"):

(a) a completed Exercise Agreement, as described in paragraph 1C, executed by the Registered Holder;

(b) a completed joinder to the Voting Agreement, as described in paragraph 1B(ix), executed by the Registered Holder;

(c) this Warrant; and

(d) cash, a check payable to the Company, or shares of Warrant Stock (valued at the Market Price at the Exercise Time), or any combination of the foregoing at the election of the Registered Holder, in an amount equal to the product of the Exercise Price multiplied by the number of shares of Warrant Stock being purchased upon such exercise (the "Aggregate Exercise Price").

(ii) As an alternative to the exercise of this Warrant as provided in paragraph 1B(i) and as determined in accordance with the formula set forth below, the Registered Holder may exchange all or part of the purchase rights represented by this Warrant by surrendering this Warrant to the Company, together with a written notice to the Company that the Registered Holder is exchanging the Warrant (or a portion thereof) for an aggregate number of shares of Warrant Stock specified in the notice, from which the Company shall withhold and not issue to the Registered Holder a number of shares of Warrant Stock with an aggregate Market Price equal to the Aggregate Exercise Price of the number of shares of Warrant Stock specified in such notice (and such withheld shares shall no longer be issuable under this Warrant).

$$X = \frac{Y(A-B)}{A}$$

- Where: X = the number of shares of Warrant Stock to be issued to Registered Holder;
- Y = the number of shares of Warrant Stock purchasable under the Warrant or, if only a portion of the Warrant is being exercised, the portion of the Warrant being exercised;
- A = the Market Price of one (1) share of Warrant Stock as of the Exercise Time; and
- B = the Exercise Price at the Exercise Time.

(iii) Notwithstanding any provisions herein to the contrary, where permitted by law and provided that a public market for the Warrant Stock then exists, payment of the Exercise Price due in connection with the exercise of this Warrant may be made through a "same-day sale" commitment from Registered Holder and a broker-dealer that is a member of the National Association of Securities Dealers (an "NASD Dealer"), whereby Registered Holder irrevocably elects to exercise this Warrant and to sell a portion of the shares of Warrant Stock so purchased to pay for the Exercise Price and whereby the NASD Dealer irrevocably commits upon receipt of such shares of Warrant Stock to forward the Exercise Price directly to the Company.

(iv) Certificates for shares of Warrant Stock purchased upon exercise of this Warrant shall be delivered by the Company to the Registered Holder within five business days after the date of the Exercise Time. Unless this Warrant has expired or all of the purchase rights represented hereby have been exercised, the Company shall prepare a new Warrant, substantially identical hereto, representing the rights formerly represented by this Warrant which have not expired or been exercised and shall, within such five-day period, deliver such new Warrant to the Registered Holder.

(v) The Warrant Stock issuable upon the exercise of this Warrant shall be deemed to have been issued to the Registered Holder at the Exercise Time, and the Registered Holder shall be deemed for all purposes to have become the record holder of such Warrant Stock at the Exercise Time.

(vi) Notwithstanding any other provision hereof, if an exercise of any portion of this Warrant is to be made in connection with a registered public offering or an Acquisition Event, the exercise of any portion of this Warrant may, at the election of the Registered Holder, be conditioned upon the consummation of the public offering or the Acquisition Event in which case such exercise shall not be deemed to be effective until the consummation of such transaction.

(vii) All shares of Warrant Stock which are issuable hereunder shall, when issued, be duly and validly issued, fully paid and nonassessable and free from all taxes, liens and charges.

(viii) Upon any exercise of this Warrant, the Company may require customary investment representations from the Registered Holder to assure that the issuance of the Warrant Stock hereunder shall not require registration or qualification under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws.

(ix) If the Register Holder is not already a party to the Voting Agreement, then as a condition to the issuance of any Warrant Stock, the Registered Holder shall execute and deliver to the Company a joinder to the Voting Agreement, whereby the Registered Holder agrees to be bound by the terms and provisions thereof with respect to such shares of Warrant Stock.

(x) Notwithstanding anything in this Warrant to the contrary, a Registered Holder may be prevented from exercising the Warrant until the expiration or early termination of all waiting periods imposed by the Hart-Scott-Rodino Act ("HSR Act Restrictions"). If during the Exercise Period, such Registered Holder has sent a completed an Exercise Agreement to the Company, and such Registered Holder has not been able to complete the exercise of the Warrant during the Exercise Period because of HSR Act Restrictions, then the Company will give such Registered Holder written notice following the termination of the HSR Act Restrictions, and such Registered Holder will be entitled to complete the process of exercising this Warrant, for a period of thirty (30) business days following receipt of such notice of termination of the HSR Act Restrictions, in accordance with the procedures contained in this Warrant, notwithstanding the fact that completion of the exercise of the Warrant will take place after the Exercise Period.

1C. Exercise Agreement. Upon any exercise of this Warrant, the Registered Holder shall furnish to the Company an Exercise Agreement substantially in the form set forth in Exhibit I hereto. Such Exercise Agreement shall be dated the actual date of execution thereof.

Section 2. Adjustment of Exercise Price and Number of Shares. In order to prevent dilution of the rights granted under this Warrant, the Exercise Price shall be subject to adjustment from time to time as provided in this Section 2, and the number of shares of Warrant Stock obtainable upon exercise of this Warrant shall be subject to adjustment from time to time as provided in this Section 2.

2A. Adjustment of Exercise Price and Number of Shares upon Issuance of Common Stock.

(i) If and whenever on or after the Date of Issuance of this Warrant the Company issues or sells any shares of Common Stock for a consideration per share less than the Exercise Price in effect immediately prior to such time, then immediately upon such issue or sale the Exercise Price shall be reduced to the Exercise Price determined by dividing:

(A) the sum of (x) the product derived by multiplying the Exercise Price in effect immediately prior to such issue or sale times the number of shares of Common Stock Deemed Outstanding immediately prior to such issue or sale, plus (y) the consideration, if any, received by the Company upon such issue or sale, by

(B) the number of shares of Common Stock Deemed Outstanding immediately after such issue or sale.

(ii) Notwithstanding the foregoing, there shall be no adjustment to the Exercise Price or the number of shares of Warrant Stock obtainable upon exercise of this Warrant or any other warrant issuable in connection with the issuance of the notes issued to any other investor pursuant to the Note and Warrant Purchase Agreement or with respect to the granting of securities in accordance with Article IV, Section 4(d)(i)B of the Restated Certificate.

2B. Subdivision or Combination of Common Stock. If the Company at any time subdivides (by any stock split, stock dividend, recapitalization or otherwise) its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision shall be proportionately reduced and the number of shares of Warrant Stock obtainable upon exercise of this Warrant shall be proportionately increased. If the Company at any time combines (by reverse stock split or otherwise) its outstanding shares of Common Stock into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be proportionately increased and the number of shares of Warrant Stock obtainable upon exercise of this Warrant shall be proportionately decreased.

2C. Reorganization, Reclassification, Consolidation, Merger or Sale. Any recapitalization, reorganization, reclassification, consolidation, merger, sale of all or substantially all of the Company's assets or other transaction, in each case which is effected in such a way that the holders of Common Stock are entitled to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock is referred to herein as "Organic Change." Prior to the consummation of any Organic Change, the Company shall make appropriate provision to insure that the Registered Holder of the Warrant shall thereafter have the right to acquire and receive, in lieu of or addition to (as the case may be) the shares of Warrant Stock immediately theretofore acquirable and receivable upon the exercise of the Warrant, such shares of stock, securities or assets as would have been issued or payable in such Organic Change (if the Registered Holder had exercised this Warrant immediately prior to such Organic Change) with respect to or in exchange for the shares of Warrant Stock immediately theretofore acquirable and receivable upon exercise of this Warrant had such Organic Change not taken place.

2D. Acquisition Event. In the event of a merger or consolidation in which the Company is not the surviving entity or in the event of any transaction that results in the acquisition of substantially all of the Company's outstanding Common Stock by a single person or entity or by a group of persons and/or entities acting in concert, or in the event of the sale or transfer of all or substantially all of the Company's assets (all of the foregoing being referred to as an "Acquisition Event"), then the Company may, in its sole discretion, terminate the purchase rights represented by this Warrant, effective upon and as of the date of consummation of the Acquisition Event, by delivering notice of termination to the Registered Holder at least ten days prior to the date of consummation of the Acquisition Event, in which case during the period from the date on which such notice of termination is delivered to the consummation of the Acquisition Event, the Registered Holder shall have the right to exercise the purchase rights represented by this Warrant, but any such exercise shall be contingent on the occurrence of the Acquisition

Event, and, provided that, if the Acquisition Event does not take place within a specified period after giving such notice for any reason whatsoever, the notice and exercise pursuant thereto shall be null and void. Notwithstanding anything to the contrary contained herein, if any Acquisition Event occurs, the Company shall have the right, but not the obligation, to terminate the purchase rights represented by this Warrant immediately prior to such Acquisition Event and to pay to the Registered Holder in connection with the termination of the Registered Holder's purchase rights represented by this Warrant, an amount per share of Warrant Stock covered by this Warrant equal to the excess (if any) of the price per share of Common Stock received by holders of the Common Stock in connection with the Acquisition Event over the Exercise Price per share of the Warrant Stock covered by this Warrant.

2E. Notices.

(i) Immediately upon any adjustment of the Exercise Price, the Company shall give written notice thereof to the Registered Holder.

(ii) The Company shall give written notice to the Registered Holder at least 20 days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the Common Stock, (B) with respect to any pro rata subscription offer to holders of Common Stock or (C) for determining rights to vote with respect to any Organic Change, dissolution or liquidation.

(iii) The Company shall also give written notice to the Registered Holder at least 20 days prior to the date on which any Organic Change, dissolution or liquidation shall take place.

Section 3. Definitions. The following terms have meanings set forth below:

"Common Stock" means the common stock of the Company, par value \$0.0001 per share.

"Common Stock Deemed Outstanding" means, at any given time, the number of shares of Common Stock actually outstanding at such time, plus the number of shares of Common Stock deemed to be outstanding pursuant to any Options or Convertible Securities regardless of whether the Options or Convertible Securities are actually exercisable at such time.

"Convertible Securities" means any stock or securities (directly or indirectly) convertible into or exchangeable for Common Stock.

"Investors' Rights Agreement" means the Third Amended and Restated Investors' Rights Agreement of the Company, dated January 12, 2010 (as amended, restated, supplemented and otherwise modified from time to time in accordance with its terms).

"Market Price" means as to any security the average of the closing prices of such security's sales on all United States securities exchanges on which such security may at the time be listed, or, if there have been no sales on any such exchange on any day, the average of the highest bid and lowest asked prices on all such exchanges at the end of such day, or, if on any

day such security is not so listed, the average of the highest bid and lowest asked prices on such day in the domestic over-the-counter market as reported by Pink OTC Markets, Inc., or any similar successor organization, in each such case averaged over a period of 21 days consisting of the day as of which "Market Price" is being determined and the 20 consecutive business days prior to such day; provided that if such security is listed on any domestic securities exchange the term "business days" as used in this sentence means business days on which such exchange is open for trading. If at any time such security is not listed on any domestic securities exchange or quoted in the domestic over-the-counter market, the "Market Price" shall be the fair value thereof as determined by the Board of Directors.

"Options" means any rights or options to subscribe for or purchase Common Stock or Convertible Securities.

"Person" means an individual, a partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organization and a government or any department or agency thereof.

"Restated Certificate" means the Fourth Amended and Restated Certificate of Incorporation of the Company, as amended from time to time pursuant to its terms.

"Second Closing Date" means October 13, 2010.

"Stockholders' Agreement" means the Third Amended and Restated Stockholders' Agreement of the Company, dated January 12, 2010 (as amended, restated, supplemented and otherwise modified from time to time in accordance with its terms).

"Voting Agreement" means the Third Amended and Restated Voting Agreement of the Company, dated January 12, 2010 (as amended, restated, supplemented and otherwise modified from time to time in accordance with its terms).

"Warrant Stock" means shares of the Company's Common Stock; provided that if there is a change such that the securities issuable upon exercise of the Warrant are issued by an entity other than the Company or there is a change in the type or class of securities so issuable, then the term "Warrant Stock" shall mean one share of the security issuable upon exercise of the Warrant if such security is issuable in shares, or shall mean the smallest unit in which such security is issuable if such security is not issuable in shares.

Section 4. No Voting Rights. This Warrant shall not entitle the holder hereof to any voting rights or other rights as a stockholder of the Company.

Section 5. Warrant Non-Transferable. This Warrant (and the shares of Warrant Stock issuable upon the exercise hereof) are subject to certain restrictions on transfer as set forth in the Stockholders Agreement. No transfer, sale, assignment, hypothecation or other disposition of the Warrant (or the shares of Warrant Stock issuable upon the exercise hereof) shall be made other than in compliance with the terms and conditions of the Stockholders Agreement. The Registered Holder represents and acknowledges that the Warrant and the shares of Warrant Stock issuable upon exercise hereof (a) are not registered under the Securities Act or

under any state securities laws, that the issuance of the Warrant and the offering and sale of such shares of Warrant Stock are being made in reliance on the exemption from registration under Section 4(2) of the Securities Act and from similar exemptions under state securities laws as not involving any public offering and that the Company's reliance on such exemption is predicated in part on the representations made by the Registered Holder to the Company that such holder (1) is acquiring the Warrant (and any shares of Warrant Stock issuable upon exercise of the purchase rights pursuant to this Warrant) for investment for its own account, with no present intention of reselling or otherwise distributing the same, (2) is an "accredited investor" as defined in Regulation D under the Securities Act, and (3) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the investments made or to be made in connection with the acquisition and exercise of the Warrant. Neither the Warrant nor the shares of Warrant Stock issuable upon exercise hereof may be transferred except pursuant to (I) an effective registration statement under the Securities Act, (II) Rule 144 under the Securities Act if the transfer is permitted by Rule 144 and the transferor delivers a certificate, in form and substance reasonably satisfactory to the Company, that such transfer complies with the requirements of Rule 144, or (III) any other available exemption from registration if such transferee makes the representations set forth in the preceding sentence in writing to the Company and, in the case of any transfer pursuant to clause (II) or (III), accompanied by the delivery to the Company of an opinion of counsel reasonably satisfactory to the Company stating that no registration is required under the Securities Act.

Section 6. Notices. Except as otherwise expressly provided herein, all notices, demands or other communications referred to in this Warrant shall be in writing and shall be deemed to have been given (i) when delivered personally to the recipient or (ii) when sent to the recipient by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; but if not, then on the next business day, and shall be addressed (a) to the Company, at its principal executive offices and (b) to the Registered Holder of this Warrant, at [____], Email: [____] (unless otherwise indicated by such holder).

Section 7. Amendment and Waiver. Except as otherwise provided herein, the provisions of this Warrant may be amended and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the Registered Holder of the Warrant.

Section 8. No Third Party Beneficiaries. Nothing in this Warrant shall be construed to give to any Person other than the Company and the Registered Holder any legal or equitable right, remedy or claim under this Warrant, and this Warrant shall be for the sole and exclusive benefit of the Company and such Registered Holder.

Section 9. Descriptive Headings. The descriptive headings of the several Sections and paragraphs of this Warrant are inserted for convenience only and do not constitute a part of this Warrant.

Section 10. Governing Law. All issues and questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any

choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware. In furtherance of the foregoing, the internal law of the State of Delaware shall control the interpretation and construction of this Warrant, even though under Delaware's choice of law or conflict of law analysis, the substantive law of some other jurisdiction would ordinarily apply.

Section 11. Registration Rights. Upon exercise of the purchase rights represented by this Warrant, the Registered Holder shall be entitled to execute a joinder to the Investors' Rights Agreement as a "Common Holder" thereunder.

Section 12. Severability. If one or more provisions of this Warrant are held to be unenforceable under applicable law, such provision shall be excluded from this Warrant and the balance of the Warrant shall be interpreted as though such provision were so excluded and shall be enforceable in accordance with its terms.

* * * * *

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by a duly authorized officer as of the Date of Issuance set forth above.

QUARTICS, INC.

By: _____
Sherjil Ahmed
Chief Executive Officer

Signature Page to Warrant Certificate No. W-[2__]

TRADEMARK
REEL: 004761 FRAME: 0400

EXERCISE AGREEMENT

To:

Dated:

The undersigned, pursuant to the provisions set forth in the attached Warrant (Certificate No. W-____), hereby agrees to subscribe for the purchase of _____ shares of the Warrant Stock covered by such Warrant and makes payment herewith in full therefor at the price per share provided by such Warrant.

Signature _____

Address _____

EXHIBIT D
COMPANY WIRE INSTRUCTIONS

SVB Silicon Valley Bank

A Member of SVB Financial Group

Incoming Wire Transfer Instructions

The following information is provided to assist clients in routing wire transfers **TO** Silicon Valley Bank in the most expeditious manner.

For all incoming foreign currency wires, please contact our Foreign Exchange Trading Desk at (888) 313-4029 for settlement instructions.

DOMESTIC WIRE TRANSFER

Instruct the paying financial institution or the payor to route all domestic wire transfers via FEDWIRE to the following ABA number:

TO:	SIL VLY BK SJ 3003 TASMAN DRIVE, SANTA CLARA, CA 95054
ROUTING & TRANSIT #:	121140399
FOR CREDIT OF {Account Name}:	<u>Quartics Bridge Trust</u>
ADDRESS {your Address}:	<u>15241 Laguna Canyon Road Suite 200</u>
ADDRESS {line 2}:	<u>Irvine, CA 92618</u>
CREDIT ACCOUNT #:	<u>3300742344</u>
BY ORDER OF:	[NAME OF SENDER]

INTERNATIONAL WIRE TRANSFER

Instruct the paying financial institution to advise their U.S. correspondent to pay as follows:

PAY TO:	SILICON VALLEY BANK 3003 TASMAN DRIVE, SANTA CLARA, CA 95054, USA
ROUTING & TRANSIT #:	121140399
SWIFT CODE:	SVBKUS6S
FOR CREDIT OF {Account Name}:	<u>Quartics Bridge Trust</u>
ADDRESS {your Address}:	<u>15241 Laguna Canyon Road Suite 200</u>
ADDRESS {line 2}:	<u>Irvine, CA 92618</u>
FINAL CREDIT ACCOUNT #:	<u>3300742344</u>
BY ORDER OF:	[NAME OF SENDER]

IMPORTANT!!!!

Wire instructions **MUST** designate your **FULL TEN DIGIT ACCOUNT NUMBER**. Wires received by Silicon Valley Bank with **INCOMPLETE** or **INVALID ACCOUNT NUMBERS** may be delayed and could possibly require return to the sending bank due to new regulations.

QUARTICS, INC.

SECURED CONVERTIBLE PROMISSORY NOTE

THIS SECURED CONVERTIBLE PROMISSORY NOTE AND THE UNDERLYING SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NO SALE OR DISPOSITION THEREOF MAY BE EFFECTED EXCEPT IN COMPLIANCE WITH RULE 144 UNDER SUCH ACT OR AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL FOR THE HOLDER SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT OR RECEIPT OF A NO-ACTION LETTER FROM THE SECURITIES AND EXCHANGE COMMISSION. THIS SECURED CONVERTIBLE PROMISSORY NOTE IS PART OF A UNIT AND IS NOT DETACHABLE FROM THE WARRANTS REFERENCED BELOW.

QUARTICS, INC.

SECURED CONVERTIBLE PROMISSORY NOTE

\$150,000

November 15, 2010 ("Issue Date")
Irvine, California

FOR VALUE RECEIVED, QUARTICS, INC., a Delaware corporation (the "*Company*"), hereby unconditionally promises to pay to the order of The Mayyappan-Kannappan Family Trust (the "*Investor*"), in lawful money of the United States and in immediately available funds, the principal amount of \$150,000 (the "*Principal Amount*"), together with accrued and unpaid interest thereon calculated as set forth in Section 4 (collectively, the "*Loan Balance*"), which shall be due and payable on the dates and in the manner set forth in this Convertible Promissory Note (this "*Note*").

This Note has been issued as part of a series of similar notes (collectively, the "*Notes*") issued pursuant to the terms of that certain Note and Warrant Purchase Agreement, dated as of November 15, 2010 (the "*Agreement*"), by and among the Company and the individuals and entities listed on Exhibit A attached thereto (which together with Augustus Ventures Limited and Seven Hills Group USA, LLC are collectively referred to herein as the "*Investors*"). This Note and Warrant No. W-32 issued pursuant to the Agreement are being issued as a Unit and shall not be detachable.

The obligations of the Company under this Note are secured pursuant to the provisions of the Security Agreement dated October 13, 2010.

1. DEFINITIONS. Capitalized terms used and not otherwise defined herein are intended to have the meanings given to them in the Agreement. In addition, the following capitalized terms used herein shall have the following respective meanings:

1.1 "Common Stock" shall mean the Company's common stock, par value \$0.0001 per share.

1.2 "Company Sale" shall mean any: (i) Qualifying IPO, (ii) any reorganization, consolidation or merger of the Company in which the holders of the Company's outstanding voting securities immediately prior to such transaction do not retain voting securities

representing a majority of the voting power of the surviving entity (or its parent) following the closing of such transaction; or (ii) any sale, transfer or exclusive license to a third party of all or substantially all of the assets of the Company.

1.3 **"Conversion Shares"** shall mean, as of any date, (i) the Series C-2 Preferred Stock if there has been no Non-Qualifying Financing or Qualifying Financing on or prior to such date, (ii) the Qualifying Financing Shares if there has been a Qualifying Financing on or prior to such date, the (iii) the Non-Qualifying Financing shares if there has been a Non-Qualifying Financing on or prior to such date.

1.4 **"Non-Qualifying Financing"** shall mean the Company's next preferred stock or Common Stock financing involving the receipt by the Company of aggregate gross proceeds of less than \$20,000,000.

1.5 **"Non-Qualifying Financing Price"** shall mean the lowest price per Non-Qualifying Financing Share paid by any investor in connection with the Non-Qualifying Financing.

1.6 **"Non-Qualifying Financing Shares"** shall mean the shares of the Company's equity securities sold and issued to investors in connection with a Non-Qualifying Financing.

1.7 **"Other Purchase Agreement"** shall mean the Note and Warrant Purchase Agreement dated as of September 24, 2010 by and between the Company and Seven Hills Group USA, LLC pursuant to which \$500,000 aggregate principal amount of notes were issued thereunder (the **"Other Notes"**) having substantially comparable terms as the Notes.

1.8 **"Qualifying Financing"** shall mean the Company's next preferred stock or Common Stock financing involving the receipt by the Company of aggregate gross proceeds of at least \$20,000,000.

1.9 **"Qualifying Financing Price"** shall mean the lowest price per Qualifying Financing Share paid by any investor in connection with the Qualifying Financing.

1.10 **"Qualifying Financing Shares"** shall mean the shares of the Company's equity securities sold and issued to investors in connection with a Qualifying Financing.

1.11 **"Qualifying IPO"** shall mean the Company's first firm-commitment underwritten public offering of its Common Stock pursuant to an effective registration statement under the Securities Act.

1.12 **"Requisite Holders"** shall mean the holders of at least 70% of the then-outstanding Total Loan Amount.

1.13 **"Restated Certificate"** shall mean the Amended and Restated Certificate of Incorporation of the Company, as amended from time to time following the date hereof.

1.14 **"Second Closing Date"** shall mean October 13, 2010.

1.15 *“Series C-2 Preferred Stock”* shall mean the Series C-2 Preferred Stock of the Company, par value \$0.0001 per share.

1.16 *“Total Loan Amount”* shall mean, as of any date, the aggregate Principal Amount of all Notes and Other Notes outstanding as of such date.

2. **MATURITY DATE.** Unless converted in full pursuant to Section 5 prior thereto, the Loan Balance shall be due and payable on the date seven months following the Second Closing Date (the *“Original Maturity Date”*). If a Qualifying Financing has not occurred prior to the Original Maturity Date, the Original Maturity Date shall be extended for a period of up to one hundred twenty (120) days (such period being referred to as the *“Extension Period”* and such end date being referred to as the *“Extended Maturity Date”*) unless the Requisite Holders shall have delivered to the Company at least 10 days (but no more than 30 days) prior to the Original Maturity Date written notice (on behalf of all holders of all Notes, including the Investor, and with respect to all Notes, including this Note) informing the Company of the Requisite Holders’ intent to have the Loan Balance paid in full on the Original Maturity Date; and provided further that Investor shall, at its sole option, be entitled to accelerate the Original Maturity Date or Extended Maturity Date, as applicable, of this Note in the event of the closing of a Company Sale, such that the Loan Balance shall automatically become due and payable as of immediately prior to the closing of such Company Sale.

3. **PAYMENTS.** The accrued but unpaid interest on the Principal Balance may be paid at any time by the Company, in whole or in part, without the consent of any Investor, provided that the Company shall not make any payments on the Principal Amount prior to the expiry of three full months after the Issue Date. On or after the expiry of three full months following the Issue Date, any or all of the Principal Amount may be prepaid at any time by the Company, in whole or in part, without the consent of any Investor. Payments under this Note shall be made in lawful money of the United States by wire transfer or other form of immediately available funds acceptable to Investor at the address of Investor set forth on the signature page hereto or at such other place as Investor shall have designated in writing. All payments with respect to the Notes and the Other Notes shall be made ratably among all Investors and the Other Investor (based on the Loan Balance then outstanding and held by each of the Investors and the Other Investors) and shall first be applied to accrued but unpaid interest and thereafter to the Principal Amount.

4. **INTEREST RATE.** The Company shall pay interest on the Principal Amount from the date hereof until payment in full, which interest shall be payable at the rate of ten percent (10%) per annum or the maximum rate permissible by law (which under the laws of the State of California shall be deemed to be the laws relating to permissible rates of interest on commercial loans), whichever is less. The aggregate amount of interest due under this Note pursuant to this Section 4 shall be calculated with respect to any given period by multiplying the then-outstanding Principal Amount by the product of: (i) the number of days in such period; multiplied by (ii) the applicable daily interest rate, calculated on the basis of a 360-day year.

5. CONVERSION RIGHTS.

5.1 Conversion Upon Qualifying Financing On or Prior to Original Maturity Date. The Company shall provide notice to each Investor of the actual or anticipated closing of a Qualifying Financing prior to the tenth (10th) Business Day following to such closing (a "Qualifying Financing Notice"). In the event of the actual closing of a Qualifying Financing on or prior to the Original Maturity Date, (i) each Investor may, at such Investor's option by delivery of an irrevocable written notice to the Company (within five (5) Business Days of delivery of such Qualifying Financing Notice to such Investor), elect to convert all or part of such Investor's unpaid Principal Amount as stated in such Investor's irrevocable written notice into that whole number of Qualifying Financing Shares as is determined by dividing such amount by 80% of the Qualifying Financing Price, and (ii) each Investor shall, if directed in the Qualifying Financing Notice or any other notice delivered by the Company prior to the tenth (10th) Business Day following the closing of the Qualifying Financing, convert an amount of such Investor's unpaid Principal Amount as stated in the Company's notice (which amount shall not exceed 50% of such unpaid Principal Amount) into that whole number of Qualifying Financing Shares as is determined by dividing such amount by 80% of the Qualifying Financing Price. In the event of the conversion of all or part of this Note pursuant to this Section 5.1: (i) Investor agrees to surrender this Note for conversion and cancellation (in whole or in part, as appropriate) at the closing of the Qualifying Financing and the Company and the Investor agree to execute all such documents (including any replacement Note where only part of the Note has been converted and cancelled) in connection with the conversion of all or part of this Note as may be reasonably required; (ii) the Company shall pay to Investor all accrued but unpaid interest on the unpaid Principal Amount to be converted; and (iii) the Company shall pay to Investor cash in an amount equal to that portion of the then-outstanding unpaid Principal Amount, if any, that would otherwise convert into a fractional Qualifying Financing Share pursuant to this Section 5.1.

5.2 Conversion Following Original Maturity Date. In the event that a Qualifying Financing has not occurred on or prior to the Original Maturity Date and an Extension Period is provided pursuant to Section 2, any Investor may, at its option by delivery of notice to the Company following the Original Maturity Date, convert all or any portion of its unpaid Principal Amount into that whole number of Conversion Shares as is determined by dividing such number of Conversion Shares by 70% of (i) \$0.4508 (with respect to any Series C-2 Preferred Stock); (ii) the Qualifying Financing Price (with respect to any Qualifying Shares) and (iii) the Non-Qualifying Financing Price (with respect to any Non-Qualifying Shares). In the event of the conversion of all or part of this Note pursuant to this Section 5.2: (i) Investor agrees to surrender this Note for conversion and cancellation (in whole or in part, as appropriate) and the Company and the Investor agree to execute all such documents (including any replacement Note where only part of the Note has been converted and cancelled) in connection with the conversion of all or part of this Note as may be reasonably required; (ii) the Company shall pay to Investor all accrued but unpaid interest on the unpaid Principal Amount to be converted; and (iii) the Company shall pay to Investor cash in an amount equal to that portion of the then-outstanding unpaid Principal Amount, if any, that would otherwise convert into a fractional Conversion Share pursuant to this Section 5.2.

5.3 Conversion Upon IPO. The Company shall provide written notice to each Investor of an actual or anticipated IPO (an "IPO Notice"). In the event of the closing of an IPO prior to the Original Maturity Date (or, in the event of an Extension Period, the Extended Maturity Date), each Investor may, at such Investor's option by delivery of an irrevocable written notice to the Company (within five (5) Business Days of delivery of such IPO Notice to such Investor), elect to convert all or part of such Investor's unpaid Principal Amount as stated in such Investor's irrevocable written notice into that number of whole IPO Shares as is determined by dividing the then-outstanding unpaid Principal Amount by 80% of the price per IPO Share paid by investors in the IPO. In the event of the conversion of all or part of this Note pursuant to this Section 5.3: (i) Investor agrees to surrender this Note for conversion and cancellation (in whole or in part, as appropriate) at the closing of the IPO and the Company and the Investor agree to execute all documents (including any replacement Note where only part of the Note has been converted and cancelled) in connection with the conversion of all or part of this Note as may be reasonably required; (ii) the Company shall pay to Investor all accrued but unpaid interest on the unpaid Principal Amount to be converted; and (iii) the Company shall pay to Investor cash in an amount equal to that portion of the then-outstanding unpaid Principal Amount, if any, that would otherwise convert into a fractional IPO Share pursuant to this Section 5.3.

5.4 Conversion Upon Company Sale. The Company shall provide written notice to each Investor of an actual or anticipated Company Sale (a "Company Sale Notice"). In the event of the closing of a Company Sale prior to the Original Maturity Date (or, in the event of an Extension Period, the Extended Maturity Date), Investor may, at such Investor's option by delivery of an irrevocable written notice to the Company (within five (5) Business Days of delivery of such Company Sale Notice to such Investor), elect to convert all or part of such Investor's unpaid Principal Amount as stated in such Investor's irrevocable written notice into that number of whole shares of Series C-2 Preferred Stock as is determined by dividing the then-outstanding unpaid Principal Amount by \$0.36064. In the event of the conversion of all or part of this Note pursuant to this Section 5.4: (i) Investor agrees to surrender this Note for conversion and cancellation (in whole or in part, as appropriate) at the closing of the Company Sale and the Company and the Investor agree to execute all documents (including any replacement Note where only part of the Note has been converted and cancelled) in connection with the conversion of this Note as may be reasonably required; (ii) the Company shall pay to Investor all accrued but unpaid interest on the unpaid Principal Amount to be converted; and (iii) the Company shall pay to Investor cash in an amount equal to that portion of the then-outstanding unpaid Principal Amount, if any, that would otherwise convert into a fractional share of Series C-2 Preferred Stock pursuant to this Section 5.4.

6. EVENT OF DEFAULT.

6.1 Default. Each of the events or circumstances described in the following clauses (i) through (vi) shall be a "**Default**" hereunder: (i) the Company fails to pay when due any amount under this Note (or any other Note issued pursuant to the Agreement on the date the same becomes due and payable); (ii) any material representation or warranty made by the Company in any Loan Document failed to be true and correct, in any material respect, when made and such failure would have a material adverse effect on the Company; (iii) the Company commits any material breach of any covenant set forth in any Loan Document; (iv) the Company

makes any assignment for the benefit of its creditors under applicable state law; (v) the Company is the subject of an involuntary petition for bankruptcy under any federal or state insolvency laws and such petition is not dismissed within ninety (90) days after the filing thereof; or (vi) the Company voluntarily files a petition for bankruptcy under any federal or state insolvency law. The Company shall promptly advise the Investor of any event or circumstance which constitutes a Default.

6.2 Cure Period. If a Default occurs and such Default is capable of being cured by the Company, then the Company shall have thirty (30) days following written notice from Investor of such Default and the circumstances thereof to cure such Default, provided that the events in clauses (i) and (iv) through (vi), inclusive, of Section 6.1 shall not be subject to any such cure period (any of the foregoing, an "*Uncurable Default*"). If a Default occurs and such Default is either an Uncurable Default or is not cured in all material respects within the thirty (30) day cure period, then the Investor may, at its option: (i) accelerate repayment of its then-outstanding Loan Balance, in which case such then-outstanding Loan Balance shall be immediately due and payable; and (ii) pursue any other legal or equitable remedies available to it.

6.3 Board Seat. If the Loan Balance has not been paid off in full by the date ten months following the Second Closing Date, and if Augustus Ventures Limited holds at least 50% of the Principal Amount of Notes it held on the Second Closing Date and the Third Closing Date, if any (as such terms are defined in the Purchase Agreement), then Augustus Ventures Limited shall be entitled to designate an additional member to the Company's Board of Directors.

7. PRO RATA PAYMENTS. In the event that the Company shall, at any time, become obligated to pay both: (i) the Loan Balance (or any portion thereof) to Investor; and (ii) the principal and accrued interest to date under any other Notes issued under the Agreement, and as of the time required of such payments, the Company does not have sufficient funds legally available to fully discharge the obligations in the foregoing clauses (i) and (ii), then the Company shall pay Investor, any other such holders of other Notes issued under the Agreement or the holder of Other Notes issued under the Other Agreement, in the aggregate, the maximum amount that the Company shall then be capable of paying out of legally available funds on a pro rata basis in proportion to the relative then-outstanding principal and accrued interest under this Note, such other Notes issued under the Agreement and the Other Notes issued under the Other Agreement, as the case may be. Upon such time, or from time to time, as the Company shall thereafter have sufficient funds legally available to further (or fully) discharge such outstanding obligations, the Company shall continue to make payments on the same pro rata basis until such obligations are fully discharged or waived. Nothing in this clause 7 will prevent any Investor from pursuing any legal or equitable remedies otherwise available to it.

8. NATURE OF OBLIGATIONS. This Note represents a senior obligation of the Company. Without the consent of the Investor, this Note shall not be subordinated to the prior payment in full of any other indebtedness.

9. WAIVER. The Company waives presentment and demand for payment, notice of dishonor, protest and notice of protest of this Note.

10. GOVERNING LAW. This Note shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

11. LOST NOTE. In the event of any loss of this Note by Investor, the Company shall execute a replacement promissory note in favor of Investor on the same terms and conditions of this Note upon the receipt by the Company of an affidavit of lost note, in form and substance reasonably satisfactory to the Company (which, for the avoidance of doubt, shall include an indemnity in favor of the Company for any losses, liabilities, claims or other out-of-pocket expenses incurred by the Company as a result of Investor's loss of such Note), duly executed and delivered by Investor.

12. ASSIGNMENT. The rights and obligations of the Company and Investor will be binding upon and inure to the benefit of the successors, assigns, heirs, administrators and transferees of the parties and any assignment hereunder shall remain subject to the restrictions set forth in the Agreement.

13. AMENDMENTS. This Note may be amended, waived or modified, and any term or provision hereof (including, without limitation, provisions relating to the threshold for determining a Qualifying Financing) may be waived or departure therefrom consented or approved (either generally or in a particular instance and either retroactively or prospectively), only upon the written consent of the Requisite Holders and the Company; provided, however, that any specific term or provision of this Note (other than an amendment, waiver or modification to Section 6, which shall require the consent of the Requisite Holders and the Company) may not be amended, modified, or waived in a manner different from any other of the Notes without the specific written consent of the Investor and the Company; and provided, further, that no amendment, waiver or modification shall be made to the Original Maturity Date, the Extended Maturity Date or the interest rate without the consent of each Investor. Any amendment or modification of this Note, or waiver of any term or provision of this Note, shall be binding upon each holder hereof, together with their successors and assigns.

14. SENIORITY. Unless the Requisite Holders otherwise agree, no other indebtedness of the Company shall be senior to the Notes.

15. SECURITY. The Company has entered into a security agreement on or about the date hereof granting the holders of Notes and the holders of the Other Notes a security interest over all of the Company's intellectual property to the extent the Notes and the Other Notes remain outstanding.


16. COUNTERPARTS. This Note may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Company has caused this CONVERTIBLE PROMISSORY NOTE to be issued on the date first written above.

COMPANY:

QUARTICS, INC.

By: 

Sherjil Ahmed
Chief Executive Officer

Address: 15241 Laguna Canyon Road
Suite 200
Irvine, CA 92618

[SIGNATURE PAGE TO CONVERTIBLE PROMISSORY NOTE]

TRADEMARK
REEL: 004761 FRAME: 0412

IN WITNESS WHEREOF, the Company has caused this CONVERTIBLE PROMISSORY NOTE to be issued on the date first written above.

INVESTOR:

THE MEYYAPPAN-KANNAPPAN FAMILY TRUST

By:  

Name: KANNAPPAN MEYYAPPAN & TILAIKANNI KANNAPPAN

Title: CO-TRUSTEES OF THE TRUST

Address: 2711 Trengate Way
Bakersfield, California 93311
Attention : Karria Meyyappan

[SIGNATURE PAGE TO CONVERTIBLE PROMISSORY NOTE]

QUARTICS, INC.

SECURED CONVERTIBLE PROMISSORY NOTE

TRADEMARK
REEL: 004761 FRAME: 0414

THIS SECURED CONVERTIBLE PROMISSORY NOTE AND THE UNDERLYING SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NO SALE OR DISPOSITION THEREOF MAY BE EFFECTED EXCEPT IN COMPLIANCE WITH RULE 144 UNDER SUCH ACT OR AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL FOR THE HOLDER SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT OR RECEIPT OF A NO-ACTION LETTER FROM THE SECURITIES AND EXCHANGE COMMISSION. THIS SECURED CONVERTIBLE PROMISSORY NOTE IS PART OF A UNIT AND IS NOT DETACHABLE FROM THE WARRANTS REFERENCED BELOW.

QUARTICS, INC.

SECURED CONVERTIBLE PROMISSORY NOTE

\$600,000

November 15, 2010 ("Issue Date")
Irvine, California

FOR VALUE RECEIVED, QUARTICS, INC., a Delaware corporation (the "*Company*"), hereby unconditionally promises to pay to the order of Green Sequoia LP (the "*Investor*"), in lawful money of the United States and in immediately available funds, the principal amount of \$600,000 (the "*Principal Amount*"), together with accrued and unpaid interest thereon calculated as set forth in Section 4 (collectively, the "*Loan Balance*"), which shall be due and payable on the dates and in the manner set forth in this Convertible Promissory Note (this "*Note*").

This Note has been issued as part of a series of similar notes (collectively, the "*Notes*") issued pursuant to the terms of that certain Note and Warrant Purchase Agreement, dated as of November 15, 2010 (the "*Agreement*"), by and among the Company and the individuals and entities listed on Exhibit A attached thereto (which together with Augustus Ventures Limited and Seven Hills Group USA, LLC are collectively referred to herein as the "*Investors*"). This Note and Warrant No. W-34 issued pursuant to the Agreement are being issued as a Unit and shall not be detachable.

The obligations of the Company under this Note are secured pursuant to the provisions of the Security Agreement dated October 13, 2010.

1. DEFINITIONS. Capitalized terms used and not otherwise defined herein are intended to have the meanings given to them in the Agreement. In addition, the following capitalized terms used herein shall have the following respective meanings:

1.1 "Common Stock" shall mean the Company's common stock, par value \$0.0001 per share.

1.2 "Company Sale" shall mean any: (i) Qualifying IPO, (ii) any reorganization, consolidation or merger of the Company in which the holders of the Company's outstanding voting securities immediately prior to such transaction do not retain voting securities

representing a majority of the voting power of the surviving entity (or its parent) following the closing of such transaction; or (ii) any sale, transfer or exclusive license to a third party of all or substantially all of the assets of the Company.

1.3 **"Conversion Shares"** shall mean, as of any date, (i) the Series C-2 Preferred Stock if there has been no Non-Qualifying Financing or Qualifying Financing on or prior to such date, (ii) the Qualifying Financing Shares if there has been a Qualifying Financing on or prior to such date, the (iii) the Non-Qualifying Financing shares if there has been a Non-Qualifying Financing on or prior to such date.

1.4 **"Non-Qualifying Financing"** shall mean the Company's next preferred stock or Common Stock financing involving the receipt by the Company of aggregate gross proceeds of less than \$20,000,000.

1.5 **"Non-Qualifying Financing Price"** shall mean the lowest price per Non-Qualifying Financing Share paid by any investor in connection with the Non-Qualifying Financing.

1.6 **"Non-Qualifying Financing Shares"** shall mean the shares of the Company's equity securities sold and issued to investors in connection with a Non-Qualifying Financing.

1.7 **"Other Purchase Agreement"** shall mean the Note and Warrant Purchase Agreement dated as of September 24, 2010 by and between the Company and Seven Hills Group USA, LLC pursuant to which \$500,000 aggregate principal amount of notes were issued thereunder (the **"Other Notes"**) having substantially comparable terms as the Notes.

1.8 **"Qualifying Financing"** shall mean the Company's next preferred stock or Common Stock financing involving the receipt by the Company of aggregate gross proceeds of at least \$20,000,000.

1.9 **"Qualifying Financing Price"** shall mean the lowest price per Qualifying Financing Share paid by any investor in connection with the Qualifying Financing.

1.10 **"Qualifying Financing Shares"** shall mean the shares of the Company's equity securities sold and issued to investors in connection with a Qualifying Financing.

1.11 **"Qualifying IPO"** shall mean the Company's first firm-commitment underwritten public offering of its Common Stock pursuant to an effective registration statement under the Securities Act.

1.12 **"Requisite Holders"** shall mean the holders of at least 70% of the then-outstanding Total Loan Amount.

1.13 **"Restated Certificate"** shall mean the Amended and Restated Certificate of Incorporation of the Company, as amended from time to time following the date hereof.

1.14 **"Second Closing Date"** shall mean October 13, 2010.

1.15 "Series C-2 Preferred Stock" shall mean the Series C-2 Preferred Stock of the Company, par value \$0.0001 per share.

1.16 "Total Loan Amount" shall mean, as of any date, the aggregate Principal Amount of all Notes and Other Notes outstanding as of such date.

2. MATURITY DATE. Unless converted in full pursuant to Section 5 prior thereto, the Loan Balance shall be due and payable on the date seven months following the Second Closing Date (the "**Original Maturity Date**"). If a Qualifying Financing has not occurred prior to the Original Maturity Date, the Original Maturity Date shall be extended for a period of up to one hundred twenty (120) days (such period being referred to as the "**Extension Period**" and such end date being referred to as the "**Extended Maturity Date**") unless the Requisite Holders shall have delivered to the Company at least 10 days (but no more than 30 days) prior to the Original Maturity Date written notice (on behalf of all holders of all Notes, including the Investor, and with respect to all Notes, including this Note) informing the Company of the Requisite Holders' intent to have the Loan Balance paid in full on the Original Maturity Date; and provided further that Investor shall, at its sole option, be entitled to accelerate the Original Maturity Date or Extended Maturity Date, as applicable, of this Note in the event of the closing of a Company Sale, such that the Loan Balance shall automatically become due and payable as of immediately prior to the closing of such Company Sale.

3. PAYMENTS. The accrued but unpaid interest on the Principal Balance may be paid at any time by the Company, in whole or in part, without the consent of any Investor, provided that the Company shall not make any payments on the Principal Amount prior to the expiry of three full months after the Issue Date. On or after the expiry of three full months following the Issue Date, any or all of the Principal Amount may be prepaid at any time by the Company, in whole or in part, without the consent of any Investor. Payments under this Note shall be made in lawful money of the United States by wire transfer or other form of immediately available funds acceptable to Investor at the address of Investor set forth on the signature page hereto or at such other place as Investor shall have designated in writing. All payments with respect to the Notes and the Other Notes shall be made ratably among all Investors and the Other Investor (based on the Loan Balance then outstanding and held by each of the Investors and the Other Investors) and shall first be applied to accrued but unpaid interest and thereafter to the Principal Amount.

4. INTEREST RATE. The Company shall pay interest on the Principal Amount from the date hereof until payment in full, which interest shall be payable at the rate of ten percent (10%) per annum or the maximum rate permissible by law (which under the laws of the State of California shall be deemed to be the laws relating to permissible rates of interest on commercial loans), whichever is less. The aggregate amount of interest due under this Note pursuant to this Section 4 shall be calculated with respect to any given period by multiplying the then-outstanding Principal Amount by the product of: (i) the number of days in such period; multiplied by (ii) the applicable daily interest rate, calculated on the basis of a 360-day year.

5. CONVERSION RIGHTS.

5.1 Conversion Upon Qualifying Financing On or Prior to Original Maturity Date. The Company shall provide notice to each Investor of the actual or anticipated closing of a Qualifying Financing prior to the tenth (10th) Business Day following to such closing (a "Qualifying Financing Notice"). In the event of the actual closing of a Qualifying Financing on or prior to the Original Maturity Date, (i) each Investor may, at such Investor's option by delivery of an irrevocable written notice to the Company (within five (5) Business Days of delivery of such Qualifying Financing Notice to such Investor), elect to convert all or part of such Investor's unpaid Principal Amount as stated in such Investor's irrevocable written notice into that whole number of Qualifying Financing Shares as is determined by dividing such amount by 80% of the Qualifying Financing Price, and (ii) each Investor shall, if directed in the Qualifying Financing Notice or any other notice delivered by the Company prior to the tenth (10th) Business Day following the closing of the Qualifying Financing, convert an amount of such Investor's unpaid Principal Amount as stated in the Company's notice (which amount shall not exceed 50% of such unpaid Principal Amount) into that whole number of Qualifying Financing Shares as is determined by dividing such amount by 80% of the Qualifying Financing Price. In the event of the conversion of all or part of this Note pursuant to this Section 5.1: (i) Investor agrees to surrender this Note for conversion and cancellation (in whole or in part, as appropriate) at the closing of the Qualifying Financing and the Company and the Investor agree to execute all such documents (including any replacement Note where only part of the Note has been converted and cancelled) in connection with the conversion of all or part of this Note as may be reasonably required; (ii) the Company shall pay to Investor all accrued but unpaid interest on the unpaid Principal Amount to be converted; and (iii) the Company shall pay to Investor cash in an amount equal to that portion of the then-outstanding unpaid Principal Amount, if any, that would otherwise convert into a fractional Qualifying Financing Share pursuant to this Section 5.1.

5.2 Conversion Following Original Maturity Date. In the event that a Qualifying Financing has not occurred on or prior to the Original Maturity Date and an Extension Period is provided pursuant to Section 2, any Investor may, at its option by delivery of notice to the Company following the Original Maturity Date, convert all or any portion of its unpaid Principal Amount into that whole number of Conversion Shares as is determined by dividing such number of Conversion Shares by 70% of (i) \$0.4508 (with respect to any Series C-2 Preferred Stock); (ii) the Qualifying Financing Price (with respect to any Qualifying Shares) and (iii) the Non-Qualifying Financing Price (with respect to any Non-Qualifying Shares). In the event of the conversion of all or part of this Note pursuant to this Section 5.2: (i) Investor agrees to surrender this Note for conversion and cancellation (in whole or in part, as appropriate) and the Company and the Investor agree to execute all such documents (including any replacement Note where only part of the Note has been converted and cancelled) in connection with the conversion of all or part of this Note as may be reasonably required; (ii) the Company shall pay to Investor all accrued but unpaid interest on the unpaid Principal Amount to be converted; and (iii) the Company shall pay to Investor cash in an amount equal to that portion of the then-outstanding unpaid Principal Amount, if any, that would otherwise convert into a fractional Conversion Share pursuant to this Section 5.2.

5.3 Conversion Upon IPO. The Company shall provide written notice to each Investor of an actual or anticipated IPO (an "IPO Notice"). In the event of the closing of an IPO prior to the Original Maturity Date (or, in the event of an Extension Period, the Extended Maturity Date), each Investor may, at such Investor's option by delivery of an irrevocable written notice to the Company (within five (5) Business Days of delivery of such IPO Notice to such Investor), elect to convert all or part of such Investor's unpaid Principal Amount as stated in such Investor's irrevocable written notice into that number of whole IPO Shares as is determined by dividing the then-outstanding unpaid Principal Amount by 80% of the price per IPO Share paid by investors in the IPO. In the event of the conversion of all or part of this Note pursuant to this Section 5.3: (i) Investor agrees to surrender this Note for conversion and cancellation (in whole or in part, as appropriate) at the closing of the IPO and the Company and the Investor agree to execute all documents (including any replacement Note where only part of the Note has been converted and cancelled) in connection with the conversion of all or part of this Note as may be reasonably required; (ii) the Company shall pay to Investor all accrued but unpaid interest on the unpaid Principal Amount to be converted; and (iii) the Company shall pay to Investor cash in an amount equal to that portion of the then-outstanding unpaid Principal Amount, if any, that would otherwise convert into a fractional IPO Share pursuant to this Section 5.3.

5.4 Conversion Upon Company Sale. The Company shall provide written notice to each Investor of an actual or anticipated Company Sale (a "Company Sale Notice"). In the event of the closing of a Company Sale prior to the Original Maturity Date (or, in the event of an Extension Period, the Extended Maturity Date), Investor may, at such Investor's option by delivery of an irrevocable written notice to the Company (within five (5) Business Days of delivery of such Company Sale Notice to such Investor), elect to convert all or part of such Investor's unpaid Principal Amount as stated in such Investor's irrevocable written notice into that number of whole shares of Series C-2 Preferred Stock as is determined by dividing the then-outstanding unpaid Principal Amount by \$0.36064. In the event of the conversion of all or part of this Note pursuant to this Section 5.4: (i) Investor agrees to surrender this Note for conversion and cancellation (in whole or in part, as appropriate) at the closing of the Company Sale and the Company and the Investor agree to execute all documents (including any replacement Note where only part of the Note has been converted and cancelled) in connection with the conversion of this Note as may be reasonably required; (ii) the Company shall pay to Investor all accrued but unpaid interest on the unpaid Principal Amount to be converted; and (iii) the Company shall pay to Investor cash in an amount equal to that portion of the then-outstanding unpaid Principal Amount, if any, that would otherwise convert into a fractional share of Series C-2 Preferred Stock pursuant to this Section 5.4.

6. EVENT OF DEFAULT.

6.1 Default. Each of the events or circumstances described in the following clauses (i) through (vi) shall be a "*Default*" hereunder: (i) the Company fails to pay when due any amount under this Note (or any other Note issued pursuant to the Agreement on the date the same becomes due and payable); (ii) any material representation or warranty made by the Company in any Loan Document failed to be true and correct, in any material respect, when made and such failure would have a material adverse effect on the Company; (iii) the Company commits any material breach of any covenant set forth in any Loan Document; (iv) the Company

makes any assignment for the benefit of its creditors under applicable state law; (v) the Company is the subject of an involuntary petition for bankruptcy under any federal or state insolvency laws and such petition is not dismissed within ninety (90) days after the filing thereof; or (vi) the Company voluntarily files a petition for bankruptcy under any federal or state insolvency law. The Company shall promptly advise the Investor of any event or circumstance which constitutes a Default.

6.2 Cure Period. If a Default occurs and such Default is capable of being cured by the Company, then the Company shall have thirty (30) days following written notice from Investor of such Default and the circumstances thereof to cure such Default, provided that the events in clauses (i) and (iv) through (vi), inclusive, of Section 6.1 shall not be subject to any such cure period (any of the foregoing, an "*Uncurable Default*"). If a Default occurs and such Default is either an Uncurable Default or is not cured in all material respects within the thirty (30) day cure period, then the Investor may, at its option: (i) accelerate repayment of its then-outstanding Loan Balance, in which case such then-outstanding Loan Balance shall be immediately due and payable; and (ii) pursue any other legal or equitable remedies available to it.

6.3 Board Seat. If the Loan Balance has not been paid off in full by the date ten months following the Second Closing Date, and if Augustus Ventures Limited holds at least 50% of the Principal Amount of Notes it held on the Second Closing Date and the Third Closing Date, if any (as such terms are defined in the Purchase Agreement), then Augustus Ventures Limited shall be entitled to designate an additional member to the Company's Board of Directors.

7. PRO RATA PAYMENTS. In the event that the Company shall, at any time, become obligated to pay both: (i) the Loan Balance (or any portion thereof) to Investor; and (ii) the principal and accrued interest to date under any other Notes issued under the Agreement, and as of the time required of such payments, the Company does not have sufficient funds legally available to fully discharge the obligations in the foregoing clauses (i) and (ii), then the Company shall pay Investor, any other such holders of other Notes issued under the Agreement or the holder of Other Notes issued under the Other Agreement, in the aggregate, the maximum amount that the Company shall then be capable of paying out of legally available funds on a pro rata basis in proportion to the relative then-outstanding principal and accrued interest under this Note, such other Notes issued under the Agreement and the Other Notes issued under the Other Agreement, as the case may be. Upon such time, or from time to time, as the Company shall thereafter have sufficient funds legally available to further (or fully) discharge such outstanding obligations, the Company shall continue to make payments on the same pro rata basis until such obligations are fully discharged or waived. Nothing in this clause 7 will prevent any Investor from pursuing any legal or equitable remedies otherwise available to it.

8. NATURE OF OBLIGATIONS. This Note represents a senior obligation of the Company. Without the consent of the Investor, this Note shall not be subordinated to the prior payment in full of any other indebtedness.

9. WAIVER. The Company waives presentment and demand for payment, notice of dishonor, protest and notice of protest of this Note.

10. GOVERNING LAW. This Note shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

11. LOST NOTE. In the event of any loss of this Note by Investor, the Company shall execute a replacement promissory note in favor of Investor on the same terms and conditions of this Note upon the receipt by the Company of an affidavit of lost note, in form and substance reasonably satisfactory to the Company (which, for the avoidance of doubt, shall include an indemnity in favor of the Company for any losses, liabilities, claims or other out-of-pocket expenses incurred by the Company as a result of Investor's loss of such Note), duly executed and delivered by Investor.

12. ASSIGNMENT. The rights and obligations of the Company and Investor will be binding upon and inure to the benefit of the successors, assigns, heirs, administrators and transferees of the parties and any assignment hereunder shall remain subject to the restrictions set forth in the Agreement.

13. AMENDMENTS. This Note may be amended, waived or modified, and any term or provision hereof (including, without limitation, provisions relating to the threshold for determining a Qualifying Financing) may be waived or departure therefrom consented or approved (either generally or in a particular instance and either retroactively or prospectively), only upon the written consent of the Requisite Holders and the Company; provided, however, that any specific term or provision of this Note (other than an amendment, waiver or modification to Section 6, which shall require the consent of the Requisite Holders and the Company) may not be amended, modified, or waived in a manner different from any other of the Notes without the specific written consent of the Investor and the Company; and provided, further, that no amendment, waiver or modification shall be made to the Original Maturity Date, the Extended Maturity Date or the interest rate without the consent of each Investor. Any amendment or modification of this Note, or waiver of any term or provision of this Note, shall be binding upon each holder hereof, together with their successors and assigns.

14. SENIORITY. Unless the Requisite Holders otherwise agree, no other indebtedness of the Company shall be senior to the Notes.

15. SECURITY. The Company has entered into a security agreement on or about the date hereof granting the holders of Notes and the holders of the Other Notes a security interest over all of the Company's intellectual property to the extent the Notes and the Other Notes remain outstanding.

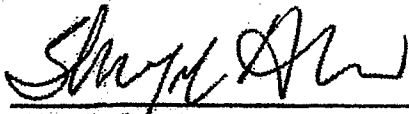
16. COUNTERPARTS. This Note may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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IN WITNESS WHEREOF, the Company has caused this **CONVERTIBLE PROMISSORY NOTE** to be issued on the date first written above.

COMPANY:

QUARTICS, INC.

By: 

Sherjil Ahmed
Chief Executive Officer

Address: 15241 Laguna Canyon Road
Suite 200
Irvine, CA 92618

[SIGNATURE PAGE TO CONVERTIBLE PROMISSORY NOTE]

TRADEMARK
REEL: 004761 FRAME: 0422

IN WITNESS WHEREOF, the Company has caused this CONVERTIBLE PROMISSORY
NOTE to be issued on the date first written above.

INVESTOR:

GRBEN SEQUOIA LP

By: Brij Bhambhani
Name: BRITESH BHAMBI
Title: GENERAL PARTNER
Address: 2509 CRAIGNORE ST.
RAKERFIELD
CA 93311

[SIGNATURE PAGE TO CONVERTIBLE PROMISSORY NOTE]