

CONVERTIBLE NOTE FINANCING SUMMARY OF TERMS

This Summary of Terms represents only the current thinking of the parties with respect to certain of the major issues relating to the proposed private offering and does not constitute a legally-binding agreement. This Summary of Terms does not constitute an offer to sell nor a solicitation of an offer to buy securities in any state where the offer or sale is not permitted.

Issuer:	Cool Energy, Inc., a Tennessee corporation (the “ <i>Company</i> ”)
Type of Security:	Convertible notes (the “ <i>Notes</i> ”).
Amount of Financing:	Up to \$750,000 of Notes may be issued.
Purchase Price:	Face value.
Interest Rate:	Annual interest rate of 5%, payable at maturity.
Term:	All principal, together with accrued and unpaid interest under the Notes, is due and payable two years after the initial issuance of the Notes (the “ <i>Maturity Date</i> ”).
Prepayment:	The Notes may not be prepaid without the prior written consent of holders of the Notes that hold a majority of the aggregate outstanding principal amount of the Notes.
Automatic Conversion:	In the event the Company consummates, prior to the Maturity Date, an equity financing pursuant to which it sells shares of its preferred stock (the “ <i>Preferred Stock</i> ”), with an aggregate sales price of not less than \$500,000, excluding any and all indebtedness that is converted into Preferred Stock (<i>e.g.</i> , the Notes), and with the principal purpose of raising capital (a “ <i>Qualified Financing</i> ”), then the Notes will automatically convert all principal, together with all accrued and unpaid interest under the Note, into the Preferred Stock and common stock. The conversion price will be a price per share equal to the lesser of (i) 80% of the price per share paid by the other purchasers of the Preferred Stock sold in the Qualified Financing and (ii) an amount obtained by dividing (x) \$25,000,000 (the valuation cap) by (y) the fully diluted capitalization of the Company prior to the Qualified Financing (excluding the Notes). The total combined number of shares of the Preferred Stock and common stock to be issued upon conversion will equal (x) all principal, together with all accrued and unpaid interest under the Note, <i>divided by</i> (y) the applicable conversion price. Of those shares, the number of preferred shares will equal (x) all principal, together with all accrued and unpaid interest under the Note, <i>divided by</i> (y) the price per share paid by the other investors purchasing the Preferred Stock in the Qualified Financing. Any remaining shares will be common stock.
Voluntary conversion:	If the Company consummates a preferred stock financing that does not constitute a Qualified Financing, the Notes will be convertible at the noteholder’s option into the preferred stock issued in the financing at a conversion price equal to the price per share paid by the other investors in the financing. If the Company does not consummate a Qualified Financing prior to the Maturity Date, the Notes will be convertible at the noteholder’s

option into common stock at a conversion price equal to the amount obtained by dividing (x) \$25,000,000 (the valuation cap) by (y) the fully diluted capitalization of the Company prior to conversion (excluding the Notes).

Liquidity events:

Upon a change of control or an IPO, the Notes will be convertible into common stock at a conversion price equal to an amount obtained by dividing (x) \$25,000,000 (the valuation cap) by (y) the fully diluted capitalization of the Company prior to conversion (excluding the Notes and, in the case of a change of control, unallocated shares under the Company's equity incentive plans). The Note holders will have the option to have the Notes instead be repaid with a premium equal to 50% of the outstanding principal and interest then outstanding.

Other:

This Summary of Terms is intended as an outline of certain of the material terms of the Notes and does not purport to summarize all of the conditions, covenants, representations, warranties and other provisions that would be contained in definitive documentation for the Notes.