

Term Sheet

Use this template to see what your actual term sheet may look like and the information it will contain.
For illustrative purposes only.

Company: _____

Securities: Series A preferred stock of the company

Investment Amounts: \$ _____ million from lead investor,
_____, \$ _____ million from other investors

Valuation: \$ _____ million post-money valuation, including an available
option pool equal to % of the post-closing fully diluted capitalization

Liquidation Preference: 1x non-participating preference

Dividends: 6% noncumulative

Conversion to Common Stock: Automatically for an IPO or if approved
by preferred stockholders. Conversion ratio is 1-to-1.

Approval of the preferred majority required to:

- (i) Change rights, preferences or privileges of the preferred stock.
- (ii) Change the authorized number of shares.
- (iii) Create securities senior or pari passu to the existing preferred stock.
- (iv) Redeem or repurchase any shares (except for purchases at cost upon termination of services or exercises of contractual rights of first refusal).

Voting Rights:

- (v) Declare or pay any dividend
- (vi) Change the authorized number of directors
- (vii) Liquidate or dissolve, including a company sale

Drag-Along: Founders, investors and 1% stockholders required to vote
for a company sale approved by:

- (i) The board
- (ii) The preferred majority
- (iii) A majority of common stock (excluding shares of common stock issuable or issued upon conversion of the preferred stock)

Other Rights & Matters: Preferred stock will have:

- Standard broad-based weighted average anti-dilution rights
- First refusal and co-sale rights over founder stock transfers
- Registration rights
- Pro rata rights
- Information rights

Company counsel drafts documents and pays lead investor's legal fees,
capped at \$30,000.

Board: Lead Investor designates 1 director. Common Majority designates
2 directors.

Founder and Employee Vesting: Founders: _____

Employees: 4-year monthly vesting with 1-year cliff

No Shop: The company will not solicit, encourage or accept any offers
for the acquisition of company capital stock (other than equity
compensation for service providers), or of all or any substantial portion of
company assets for 30 days.

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