

[STARTUP NAME]
TERM SHEET FOR SIMPLE AGREEMENT FOR FUTURE EQUITY (SAFE)

This is a summary of the principal terms of (i) a restructuring of [Startup Name] so that it is a wholly-owned subsidiary of a Delaware limited liability company ("Company"), followed by (ii) a Simple Agreement for Future Equity (the "SAFE") financing of the Company led by Canary Fund II, L.P. (the "Lead Investor"). This term sheet is an expression of intent only and, except as set forth under "Confidentiality," is not meant to be binding on the parties.

Restructuring

Formation of Delaware LLC

The Company will be organized as a newly formed Delaware limited liability company.

Exchange of Quotas for Common Units

The founders of [Startup Name] will exchange their quotas in [Startup Name] for an equivalent number of Common Units issued by the Company, so they continue to own the same percentage of the equity in the Company as they did in [Startup Name]. Similarly, all other security holders of [Startup Name] shall exchange their securities for equivalent securities issued by the Company. This results in [Startup Name] becoming a wholly owned subsidiary of the Company (except to the extent that applicable law requires the founders to retain one quota).

Financing Terms

Securities to Be Issued

The Company will issue rights to certain units of the Company in exchange for amounts paid by the investors to the Company which will be represented by SAFEs subject to the terms described below.

Investment Amount

Lead Investor: \$ _____

Other investors: up to \$ _____

Total: up to \$ _____

Closing

The Company may close the sale of the SAFEs in multiple closings, provided that an aggregate of at least \$ _____ shall be raised at the initial closing. The initial closing shall occur on or before _____, 20____, and the final closing shall take place not later than three (3) months after the initial closing.

Financing Conversion

Each SAFE shall automatically be converted into units of the Company issued in the first equity financing closing after the initial closing date resulting in aggregate gross proceeds to the Company of at least \$3.0 million, excluding conversion of any of the SAFEs (the "Next Equity Financing," such conversion, a "Financing Conversion").

Upon a Financing Conversion, the Lead Investor will be entitled to the same rights, preferences and privileges as the other investors purchasing equity securities in the Next Equity Financing, including any rights granted to holders of a minimum amount of units of in the Company (i.e., "major investors"), regardless of the number of units held by the Lead Investor.

Conversion Price

The conversion price of the SAFEs with respect to a Financing Conversion shall be the lesser of (i) a 20% discount to the lowest cash price per unit paid by investors in the Next Equity Financing or (ii) the price obtained by dividing a \$____ million post-money valuation (the "Valuation Cap") by the Company's fully diluted pre-money capitalization (assuming exercise or conversion of all outstanding SAFEs and any other convertible securities) immediately prior to the Next Equity Financing ("Company Capitalization prior to Next Equity Round").

As a result, the total Investment Amount will convert into units representing ____% of the Company Capitalization prior to Next Equity Round, and the Lead Investor's Investment Amount will convert into units representing ____% of the Company Capitalization prior to Next Equity Round.

Acquisition Event

If the Company is merged with or otherwise acquired by another entity (an "Acquisition Event") prior to the Next Equity Financing, then at the option of the holders of a majority in interest of the aggregate purchase amounts of the then outstanding SAFEs, either (i) the Company shall pay each SAFE holder the Investment Amount of its SAFE, or (ii) the SAFEs may be converted into Common Units of the Company at a conversion

price equal to the Valuation Cap divided by the Company's fully diluted pre-money capitalization immediately before the Acquisition Event.

Dissolution Event

If the Company dissolves or winds up prior to the Next Equity Financing or an Acquisition Event, the Company will pay each SAFE holder the Investment Amount of its SAFE.

Optional Conversion

At any time after the second anniversary of the initial closing, each holder of a SAFE may, at its option, convert the Safe into Common Units at a conversion price equal to the Valuation Cap divided by the Company's fully diluted pre-money capitalization.

Lead Investor Rights

Information Rights

The Company will provide the Lead Investor with quarterly reports on its operations, including financial statements and key performance indicators (KPIs) to be agreed upon by the Company and the Lead Investor.

Board Observer

The Lead Investor may have a representative attend meetings of the Company's board of managers (or equivalent body) as a non-voting observer, and the Company will provide the observer with copies of all notices, minutes, consents and other material that it provides to its managers. Such right will begin to apply when the Company constitutes a board and continue for so long as the Lead Investor holds its SAFE or the units issued upon conversion of its SAFE.

Option to Sell

Following a conversion of the SAFEs, the Lead Investor will have the option to sell at any time its units of the Company back to the Company, at an aggregate purchase price of USD \$1.00.

Pro Rata Rights

The Lead Investor will have a pro rata right, but not an obligation, to participate in the Next Equity Financing based on its percentage equity ownership after giving pro forma effect to the conversion of the SAFEs in the Next Equity Financing. The Lead Investor may apportion its pro rata right among itself, its partners and its affiliates.

Founder Vesting

The founders' Common Units will vest as follows: after 12 months of service following the initial closing, 25% will vest; the remainder will vest monthly over the following 36 months.

Indebtedness and Additional Rights to Units

The Company will agree not to incur any indebtedness or to issue any other rights to its units, including any convertible notes or other SAFEs, without the prior written approval of the holders of a majority in interest of the of the aggregate purchase amounts of the then outstanding SAFEs.

Option Pool

If the Company agrees to create an option pool in connection with the Next Equity Financing, the units reserved for such pool will be included in the Company's pre-money capitalization when determining the price per unit in the Next Equity Financing, unless otherwise agreed by the Lead Investor.

Tax Reporting

Following conversion of the SAFEs, the Company will provide the Lead Investor with a Schedule K-1 report within 180 days after the completion of each calendar year.

Amendment and Waiver

The SAFEs may be amended, or any terms thereof waived, upon written consent of the Company and the holders of a majority in interest of the aggregate purchase amounts of the then outstanding SAFEs.

Confidentiality

[Startup Name] and the Lead Investor will not, without the prior written consent of the other party, disclose this term sheet or their discussions regarding the SAFEs to any third party, except to the extent required by law.

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This term sheet is non-binding and is intended solely as a summary of the terms that are currently proposed by the parties. Except as set forth above under the caption "Confidentiality," which is a legally binding paragraph, the parties acknowledge that they neither intend to enter, nor have they entered, into any agreement to negotiate a definitive agreement pursuant to this term sheet, and either party may, at any time prior to execution of such definitive agreement, propose different terms from those summarized herein or unilaterally terminate all negotiations pursuant to this term sheet without any liability whatsoever to the other party.

[STARTUP NAME]

CANARY FUND II, L.P.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____