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TERM SHEET

This Term Sheet outlines the terms and conditions of the proposed investment and serves as a basis for the drafting of a definitive agreement.

Date: [Insert Date]

Parties:

- **Company Name:** [Insert Company Name]
- **Investor Name:** [Insert Investor Name]

1. Investment Amount:

- **Total Investment:** \$[Insert Amount]
- **Type of Security:** [Common Stock/Preferred Stock/Convertible Note/etc.]

2. Valuation:

- **Pre-Money Valuation:** \$[Insert Amount]
- **Post-Money Valuation:** \$[Insert Amount]

3. Capitalization:

- **Current Capitalization:** [Insert Cap Table or description of current capitalization]

4. Use of Proceeds:

- The proceeds from the investment will be used for [describe use of funds, e.g., product development, marketing, working capital, etc.]

5. Closing Date:

- The closing of the investment is expected to occur on or before [Insert Date].

6. Conditions to Closing:

- Completion of satisfactory due diligence by the Investor.
- Execution of definitive agreements satisfactory to both parties.
- Approval of the Company's Board of Directors and shareholders, if required.

7. Governance:

- **Board Representation:** The Investor will have the right to appoint [number] member(s) to the Company's Board of Directors.
- **Observer Rights:** The Investor will have the right to appoint [number] observer(s) to attend all Board meetings.

8. Anti-Dilution Protection:

- The Investor will receive standard anti-dilution protection, including [full ratchet/weighted average/etc.] anti-dilution rights.

9. Liquidation Preference:

- In the event of a liquidation, dissolution, or winding up of the Company, the Investor will have a liquidation preference of [1x, 2x, etc.] the original purchase price, plus any accrued and unpaid dividends.

10. Dividends:

- Dividends will be [non-cumulative/cumulative] and payable when, as, and if declared by the Board of Directors.

11. Voting Rights:

- The Investor will have voting rights equivalent to [insert number] shares of common stock for each share of preferred stock.

12. Conversion Rights:

- The preferred stock will be convertible into common stock at any time at the option of the holder.

13. Right of First Refusal:

- The Investor will have the right of first refusal to participate in future financings.

14. Co-Sale Rights:

- The Investor will have the right to participate in any sales of stock by the founders or major shareholders.

15. Drag-Along Rights:

- In the event of a sale of the Company, the Investor agrees to vote their shares in favor of the transaction if it is approved by [percentage] of the shareholders.

16. Information Rights:

- The Investor will receive regular financial and operational reports, including [quarterly/annual] financial statements and updates on significant developments.

17. Confidentiality:

- The terms and conditions of this Term Sheet are confidential and may not be disclosed to any third party except with the consent of both parties or as required by law.

18. Expiration:

- This Term Sheet will expire on [Insert Date] if not executed by both parties by that date.

19. Miscellaneous:

- This Term Sheet is intended solely as a basis for further discussion and does not constitute a binding agreement, except for the provisions relating to confidentiality, exclusivity, and governing law, which are binding.

Governing Law:

- This Term Sheet shall be governed by and construed in accordance with the laws of the State of [Insert State].

[Company Name]

By: _____

Name: [Insert Name]

Title: [Insert Title]

[Investor Name]

By: _____

Name: [Insert Name]

Title: [Insert Title]

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