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**COMPANY NAME HERE, INC.**

## **SUMMARY OF PRINCIPAL TERMS OF CONVERTIBLE NOTE AND WARRANTS**

This Term Sheet summarizes the principal terms with respect to a private placement of Company Name Here, Inc. (the “Company”) by a group of investors (the “Investors”). Investors should carefully read the accompanying Confidential Private Placement Memorandum in addition to this Term Sheet.

### **Outstanding Capital Stock**

The Company was incorporated in Washington on April 6, 2000. The Company’s authorized stock consists of 200,000,000 shares of common stock, no value per share (the “Common Stock”), 9,500,000 shares of which have been issued to three shareholders, and 50,000,000 shares of preferred stock, no shares of which have been issued.

The Founders of the Company have purchased and paid for in full 9,500,000 shares of the Company's Common Stock for cash and contributions of rights. In addition the Company has reserved 2,000,000 shares of common stock for issuance pursuant to the Company’s stock option plan.

### **Proposed Private Placement**

The Company proposes a private placement of Convertible Notes (“Notes”) and Warrants on the following terms:

Maximum Amount: \$2,000,000

Type of Security: Convertible Notes, convertible into Company capital stock sold in the first equity round of financing.