

## Investment Terms for the JumpStart Fund

JumpStart usually invests in companies using convertible debt (i.e. we provide a loan that eventually converts to equity). We do this to avoid placing a value on the company at this early stage (which is often very difficult to do) and so we can focus all of our attention on getting the company up-and-running.

Although the loan is interest-bearing, we allow you to accrue the interest until such time as the company raises equity capital. We do not require a personal guarantee, but we do require that the loan be guaranteed by assets of the company such as patents, patent applications, property, equipment and the like.

Finally, when the time comes for us to convert our loan into equity, we will convert a multiple of our loan amount in order to compensate for the early risk we've taken. The multiple used in the final calculation is based on the time elapsed since closing. The multiple is 1.0 for the first five months of the investment and then increases, peaking at 2.0 at the end of 50 months. The JumpStart Ventures Note carries a three year term and a 7.5% interest rate. Please note that these are only a few of the terms we require and that a full term sheet will be provided if you reach the Acceleration stage. **Our term sheets are non-negotiable.**