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[YOUR COMPANY NAME]

**SAFE**

**(Simple Agreement for Future Equity)**

THIS CERTIFIES THAT in exchange for the payment by [NAME OF INVESTOR] (the “**Investor**”) of [AMOUNT OF INVESTMENT] (the “**Purchase Amount**”) on or about [APPROXIMATE DATE OF INVESTMENT], [YOUR COMPANY NAME], a [STATE OF INCORPORATION] corporation (the “**Company**”), hereby issues to the Investor the right to certain shares of the Company’s capital stock, subject to the terms set forth below.

The “**Valuation Cap**” of this SAFE is \$[VALUATION CAP]

The “**Discount Rate**” of this SAFE is [DISCOUNT RATE]%.

See **Section 2** for certain additional defined terms.

## 1 Events

### 1.1 Equity Financing

If there is an Equity Financing before the expiration or termination of this instrument, the Company will automatically issue to the Investor a number of shares of SAFE Preferred Stock equal to the Purchase Amount divided by either: (1) the SAFE Price or (2) the Discount Price, whichever calculation results in a greater number of shares of SAFE Preferred Stock.

In connection with the issuance of SAFE Preferred Stock by the Company to the Investor pursuant to this Section 1.1:

- (a) The Investor will execute and deliver to the Company all transaction documents related to the Equity Financing; provided, that such transaction documents are the same documents to be entered into with the purchasers of the Standard Preferred Stock, with appropriate variations for the SAFE Preferred Stock;
- (b) The Investor and the Company will execute a Pro Rata Rights Agreement, unless the Investor is already included in such rights in the transaction documents related to the Equity Financing; and
- (c) This instrument will expire and terminate.

## 1.2 Liquidity Event

If there is a Liquidity Event before the expiration or termination of this instrument, the Investor will, at its option, either (i) receive a cash payment equal to the Purchase Amount (subject to the following paragraph) or (ii) automatically receive from the Company a number of shares of Common Stock equal to the Purchase Amount divided by the Liquidity Price, if the Investor fails to select the cash option. Thereafter, this instrument will expire and terminate.

In connection with Section (b)(i), the Purchase Amount will be due and payable by the Company to the Investor immediately prior to, or concurrent with, the consummation of the Liquidity Event. If there are not enough funds to pay the Investor and holders of other SAFEs (collectively, the “**Cash-Out Investors**”) in full, then all of the Company’s available funds will be distributed with equal priority and *pro rata* among the Cash-Out Investors in proportion to their Purchase Amounts, and the Cash-Out Investors will automatically receive the number of shares of Common Stock equal to the remaining unpaid Purchase Amount divided by the Liquidity Price. In connection with a Change of Control intended to qualify as a tax-free reorganization, the Company may reduce, *pro rata*, the Purchase Amounts payable to the Cash-Out Investors by the amount determined by its board of directors in good faith to be advisable for such Change of Control to qualify as a tax-free reorganization for U.S. federal income tax purposes, and in such case, the Cash-Out Investors will automatically receive the number of shares of Common Stock equal to the remaining unpaid Purchase Amount divided by the Liquidity Price.

### 1.3 Dissolution Event

If there is a Dissolution Event before this instrument expires or terminates, the Company will pay the Investor an amount equal to the Purchase Amount, due and payable to the Investor immediately prior to, or concurrent with, the consummation of the Dissolution Event. The Purchase Amount will be paid prior and in preference to any Distribution of any of the assets of the Company to holders of the Company's capital stock by reason of their ownership of such stock. If immediately prior to the consummation of the Dissolution Event, the assets of the Company legally available for distribution to the Investor and all holders of all other SAFEs (the "**Dissolving Investors**"), as determined in good faith by the Company's board of directors, are insufficient to permit the payment to the Dissolving Investors of their respective Purchase Amounts, then the entire assets of the Company legally available for distribution will be distributed with equal priority and *pro rata* among the Dissolving Investors in proportion to the Purchase Amounts they would otherwise be entitled to receive pursuant to this Section 1.3. After the payment, or setting aside payment, to the Investor, this instrument will expire and terminate.

## 2 Definitions

### 2.1 Change of Control

"Change of Control" means (i) a transaction or series of related transactions in which any "person" or "group" (within the meaning of Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of more than 50% of the outstanding voting securities of the Company having the right to vote for the election of members of the Company's board of directors, (ii) any reorganization, merger or consolidation of the Company, other than a transaction or series of related transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of the Company or such other surviving or resulting entity or (iii) a sale, lease or other disposition of all or

substantially all of the assets of the Company.

## **2.2 Company Capitalization**

“Company Capitalization” means the sum of: (i) all shares of the Company’s capital stock (on an as-converted basis) issued and outstanding, assuming exercise or conversion of all outstanding vested and unvested options, warrants and other convertible securities, but excluding (A) this instrument, (B) all other SAFEs, and (C) convertible promissory notes; and (ii) all shares of Common Stock reserved and available for future grant under any equity incentive or similar plan of the Company, including any equity incentive or similar plan created or increased in connection with the Equity Financing.

## **2.3 Common Stock**

“Common Stock” means the common stock of the Company.

## **2.4 Discount Price**

“Discount Price” means the product of the price per share of the Standard Preferred Stock sold in the Equity Financing multiplied by the Discount Rate.

## **2.5 Distribution**

“Distribution” means the transfer to holders of the Company’s capital stock by reason of their ownership of such stock of cash or other property without consideration whether by way of dividend or otherwise, other than dividends on the Common Stock payable in Common Stock, or the purchase or redemption of shares of the Company by the Company or its subsidiaries for cash or property other than: (i) repurchases of the Common Stock issued to or held by employees, officers, directors or consultants of the Company or its subsidiaries upon termination of their employment or services pursuant to agreements providing for the right of said repurchase, (ii) repurchases of Common Stock issued to or held by employees, officers, directors or consultants of the Company or its subsidiaries pursuant to rights of first refusal

contained in agreements providing for such right and (iii) repurchases of capital stock of the Company in connection with the settlement of disputes with any stockholder.

## **2.6 Dissolution Event**

“Dissolution Event” means (i) a voluntary termination of operations, (ii) a general assignment for the benefit of the Company’s creditors or (iii) any other liquidation, dissolution or winding up of the Company (excluding a **Liquidity Event**), whether voluntary or involuntary.

## **2.7 Equity Financing**

“Equity Financing” means a bona fide transaction or series of transactions with the principal purpose of raising capital, pursuant to which the Company issues and sells shares of preferred stock of the Company at a fixed pre-money valuation.

## **2.8 Initial Public Offering**

“Initial Public Offering” means the closing of the Company’s first firm commitment underwritten initial public offering of the Common Stock pursuant to a registration statement filed under the Securities Act of 1933, as amended (the “**Securities Act**”).

## **2.9 Liquidity Capitalization**

“Liquidity Capitalization” means all shares of the Company’s capital stock (on an as-converted basis) issued and outstanding, assuming exercise or conversion of all outstanding vested and unvested options, warrants and other convertible securities, but excluding (i) all shares of the Common Stock reserved and available for future grant under any equity incentive or similar plan of the Company; (ii) this instrument, (iii) all other SAFEs, and (iv) convertible promissory notes.

## **2.10 Liquidity Event**

“Liquidity Event” means a Change of Control or an Initial Public Offering.

## 2.11 Liquidity Price

“Liquidity Price” means the price per share equal to the quotient obtained by dividing (i) the Valuation Cap by (ii) the Liquidity Capitalization as of immediately prior to the Liquidity Event.

## 2.12 Pro Rata Rights Agreement

“Pro Rata Rights Agreement” means a written agreement between the Company and the Investor (and holders of other SAFEs, as appropriate) giving the Investor a right to purchase its *pro rata* share of private placements of securities by the Company **occurring after the Equity Financing**, subject to customary exceptions. *Pro rata* for purposes of the Pro Rata Rights Agreement will be calculated based on the ratio of (a) the number of shares of capital stock of the Company owned by the Investor immediately prior to the issuance of the securities to (b) the total number of shares of outstanding capital stock of the Company on a fully diluted basis, calculated as of immediately prior to the issuance of the securities

## 2.13 SAFE

“SAFE” means an instrument containing a future right to the Company’s capital stock, similar in form and content to this instrument, purchased by investors for the purpose of funding the Company’s business operations.

## 2.14 SAFE Preferred Stock

“SAFE Preferred Stock” means the shares of a series of the Company’s preferred stock issued to the Investor in an Equity Financing, which will have the identical rights, privileges, preferences and restrictions as the shares of Standard Preferred Stock, **other than with respect to the per share liquidation preference, which will equal the SAFE Price or the Discount Price** (as applicable), as well as price-based antidilution protection and dividend rights, which will be based on such SAFE Price or the Discount Price (as applicable).

## **2.15 SAFE Price**

“SAFE Price” means the price per share equal to the quotient obtained by dividing (i) the Valuation Cap by (ii) either (A) the Company Capitalization as of immediately prior to the Equity Financing or (B) the capitalization of the Company used to calculate the price per share of the Standard Preferred Stock, whichever calculation results in a lower price.

## **2.16 Standard Preferred Stock**

“Standard Preferred Stock” means the shares of a series of the Company’s preferred stock issued to the investors investing new money in the Company in connection with the initial closing of the Equity Financing.

# **3 Company Representations**

- (a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation, and has the power and authority to own, lease and operate its properties and carry on its business as now conducted.
- (b) The execution, delivery and performance by the Company of this instrument is within the power of the Company and, other than with respect to the actions to be taken when equity is to be issued to the Investor, has been duly authorized by all necessary actions on the part of the Company. This instrument constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity. To the knowledge of the Company, it is not in violation of (i) its current certificate of incorporation or bylaws, (ii) any material statute, rule or regulation applicable to the Company or (iii) any material indenture or contract to which the Company is a party or by which it is bound, where, in each case, such violation or default, individually, or together with all such violations or defaults, could reasonably be expected to have a material adverse effect on the Company.

- (c) The performance and consummation of the transactions contemplated by this instrument do not and will not: (i) violate the any material judgment, statute, rule or regulation applicable to the Company; (ii) result in the acceleration of any material indenture or contract to which the Company is a party or by which it is bound; or (iii) result in the creation or imposition of any lien upon any property, asset or revenue of the Company or the suspension, forfeiture, or nonrenewal of any material permit, license or authorization applicable to the Company, its business or operations.
- (d) No consents or approvals are required in connection with the performance of this instrument, other than: (i) the Company's corporate approvals; (ii) any qualifications or filings under applicable securities laws; and (iii) necessary corporate approvals for the authorization of any shares of capital stock of the Company issued pursuant to Section 1
- (e) To its knowledge, the Company owns or possesses (or can obtain on commercially reasonable terms) sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, processes and other intellectual property rights necessary for its business as now conducted and as currently proposed to be conducted, without any conflict with, or infringement of the rights of, others.

## 4 Investor Representations

- (a) The Investor has full legal capacity, power and authority to execute and deliver this instrument and to perform its obligations hereunder. This instrument constitutes valid and binding obligation of the Investor, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity
- (b) The Investor is an accredited investor as such term is defined in Rule 501 of Regulation D under the Securities Act. The Investor has been advised that this instrument and the underlying securities have not been registered under the Securities Act, or any state securities laws



and, therefore, cannot be resold unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available. The Investor is purchasing this instrument and the securities to be acquired by the Investor hereunder for its own account for investment, not as a nominee or agent, and not with a view to, or for resale in connection with, the distribution thereof, and the Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. The Investor has such knowledge and experience in financial and business matters that the Investor is capable of evaluating the merits and risks of such investment, is able to incur a complete loss of such investment without impairing the Investor's financial condition and is able to bear the economic risk of such investment for an indefinite period of time.

## 5 Miscellaneous

- (a) Any provision of this instrument may be amended, waived or modified only upon the written consent of the Company and the Investor.
- (b) Any notice required or permitted by this instrument will be deemed sufficient when delivered personally or by overnight courier or sent by email to the relevant address listed on the signature page, or 48 hours after being deposited in the U.S. mail as certified or registered mail with postage prepaid, addressed to the party to be notified at such party's address listed on the signature page, as subsequently modified by written notice.
- (c) The Investor is not entitled, as a holder of this instrument, to vote or receive dividends or be deemed the holder of the Company's capital stock for any purpose, nor will anything contained herein be construed to confer upon the Investor, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or to receive subscription rights or otherwise until shares have been issued upon the terms as described herein.
- (d) Neither this instrument nor the rights contained herein may be as-

signed, by operation of law or otherwise, by either party without the prior written consent of the other; provided, however, that the rights of the Investor may be assigned without the Company's consent by the Investor to any other entity who directly or indirectly, controls, is controlled by or is under common control with the Investor, including, without limitation, any general partner, managing member, officer or director of the Investor, or any venture capital fund now or hereafter existing which is controlled by one or more general partners or managing members of, or shares the same management company with, the Investor; and provided, further, that the Company may assign this instrument in whole, without the consent of the Investor, in connection with a reincorporation to change the Company's domicile.

- (e) In the event any one or more of the provisions of this instrument is for any reason held to be invalid, illegal or unenforceable, in whole or in part or in any respect, or in the event that any one or more of the provisions of this instrument operate or would prospectively operate to invalidate this instrument, then and in any such event, such provision(s) only will be deemed null and void and will not affect any other provision of this instrument and the remaining provisions of this instrument will remain operative and in full force and effect and will not be affected, prejudiced, or disturbed thereby.
- (f) All rights and obligations hereunder will be governed by the laws of the State of [STATE OF COMPANY], without regard to the conflicts of law provisions of such jurisdiction.

*(Signature page follows)*

IN WITNESS WHEREOF, the undersigned have caused this instrument to be duly executed and delivered.

By:

[NAME OF COMPANY REP]

[TITLE OF COMPANY REP]

Address: [ADDRESS OF COMPANY REP]

Email: [EMAIL OF COMPANY REP]

**INVESTOR:**

By:

[NAME OF INVESTOR]

Address: [ADDRESS OF INVESTOR]

Email: [EMAIL OF INVESTOR]