Form 24

Term Sheet—Convertible Preferred Stock

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| Issuer: | [Company] (the “Company”) |
| Security: | Convertible Preferred Stock |
| Amount: | $[ ] |
| Use of Proceeds: | [General corporate purposes] |
| Underlying Shares: | Common stock of Company |
| Conversion Price: | The Convertible Preferred Stock [(together with any accrued and unpaid dividends)] will be convertible at a fixed price equal to a \_\_\_% premium to the volume weighted average trading price of the stock for the \_\_\_ trading days prior to the execution of definitive documents for the transaction. |
| Dividend: | \_\_% in cash or [registered] common stock, at the Company’s option. Dividends will accrue for the first \_\_ months after the close of the transaction. |
| [Mandatory Redemption: | The Convertible Preferred Stock will be redeemed by the Company on the \_\_-month anniversary of the close of this transaction at par plus any unpaid dividends, payable in cash or [registered] common stock.] |
| [Optional Redemption: | The Company has the option to redeem at any time in cash or [registered] common stock.] |
| [Mandatory Redemption Upon Change of Control: | In the event of a Change of Control, the Investor will have the option to accept either: (a) the assumption of the transaction by the surviving entity, or (b) redemption at \_\_% of par plus any accrued and unpaid dividends, payable in cash or [registered] common stock.] |
| Form of Payment: | The Company can choose to repay its obligation for the Dividend, Mandatory Redemption, Optional Redemption, and/or Mandatory Redemption Upon Change of Control in either cash or common stock. If payment is made in stock, the Company will give notice to the investor 30 days before the payment is due and the stock will be delivered within 5 business days of the payment due date. [The price will reflect a \_% discount to the volume weighted average trading price of the stock for the [20] trading days prior to the payment due date.] |
| Voting Rights: | The Convertible Preferred Stock has no voting rights. |
| Reservation of Shares: | From and after the issuance date, the Company is required to reserve [ ]% of the number of shares of Common Stock required to honor full conversion of the Convertible Preferred Stock. |
| Registration: | The Company shall prepare and file (and bear all costs of) a registration statement covering the resale of [ ]% of the number of Underlying Shares of Common Stock issuable upon conversion of the Convertible Preferred Stock within [180] calendar days after the Issue Date and use its best efforts to have such registration declared effective by SEC within the following [60] calendar days. |
| Anti-Dilution Protection: | Standard adjustments shall apply, including payment of all regular dividends and distributions paid to holders of the Common Stock in excess of $[x.xx]/share per calendar quarter on an as-if-converted basis. |
| Noncircumvention: | The Company may not enter into any agreements that impair the ability of the Company to perform on its obligations with respect to the Convertible Preferred Stock agreement. |
| [Expenses: | The Company will reimburse the Investor for all reasonable expenses incurred in connection with their due diligence, legal review, and documentation of the investment[.] [, up to a maximum of $\_\_\_\_\_\_.] |