

**TERMS FOR PRIVATE PLACEMENT OF SERIES SEED PREFERRED STOCK OF
CARTOGRAM, INC.
JANUARY 2015**

The following is a **summary** of the principal terms with respect to the proposed Series Seed Preferred Stock financing of Cartogram Inc, a Delaware Corporation (the “*Company*”). Such summary of terms does not constitute a legally binding obligation. Any legally binding obligation will only be made pursuant to definitive agreements to be negotiated and executed by the parties.

Offering Terms

Securities to Issue: Shares of Series Seed Preferred Stock of the Company (“*Series Seed*”).

Aggregate Proceeds: Up to \$600,000.76 in aggregate.

Closing: December 8, 2015

Investors: Accredited investors approved by the Company (the “*Investors*”).

Price per Share: \$1.6716 Price per share of the Series Seed (the “*Original Issue Price*”) to be based on a pre-money valuation of \$1,750,000.

Post-Financing Cap:

Class	Number of Shares	Percent
Common	1,111,212	69.20%
Preferred	358,938	22.35%
Stock Options A available	135,703	8.45%
Total	1,605,853	100%

Liquidation Preference: The Series Seed holders shall receive an amount equal to one times (1x) the Purchase Price, plus any declared and unpaid dividends, prior to the payment of any sums to any other equity security holders in the event of (i) a liquidation, dissolution, or winding up of the Company (a “*Liquidation*”); or (ii) “Change in Control,” which means a merger or consolidation (other than one in which the stockholders of the Company own a majority by voting power of the outstanding shares of the surviving or acquiring corporation) and a sale, lease, transfer, or other disposition of all or substantially all of the assets of the Company. The participation preference of Series Seed will be non-participating.

Dividends: Non-cumulative. The holders of Series Seed will be entitled to receive dividends only when and if declared by the Company’s Board of Directors (the “*Board*”) and in preference to holders of Common Stock.

Anti-dilution Rights: The conversion price of the Series Seed Preferred Stock will be subject to proportional adjustment for Stock splits, Stock dividends, and the like, and to adjustment on a broad-based weighted average basis for issuances at a

purchase price less than the then-effective conversion price, subject to customary exclusions.

- Voting Rights:** Votes together with the Common Stock on all matters on an as-converted basis. Approval of a majority of the Series Seed required to (i) adversely change rights of the Series Seed; (ii) change the authorized number of shares; (iii) authorize a new series of Series Seed having rights senior to or on parity with the Series Seed; (iv) redeem or repurchase any shares (other than pursuant to the Company's right of repurchase at original cost); (v) declare or pay any dividend; or (vi) liquidate or dissolve, including any change of control
- Conversion:** The holders of Series Seed Preferred shall have the right to convert the Series Seed Preferred into shares of Common at a 1:1 ratio (subject to proportional adjustments for stock splits, stock dividends and the like) at any time at the option of the holder. The initial conversion rate for the Series Seed shall be 1-for-1, subject to adjustment as indicated below
- Automatic Conversion:** The Series Seed shall automatically be converted into Common Stock, at the then applicable conversion rate, upon: (i) the closing of a firmly underwritten public offering of not less than \$25 million (before payment of underwriters' discounts and commissions) (a "*Qualified IPO*"); or (ii) the written consent of holders of the majority of the outstanding Series Seed Preferred Stock.
- Protective Provisions:** In addition to general voting, so long as at least fifty percent (50%) of the shares of Series Seed originally issued by the Company remain outstanding, holders of a majority of the outstanding shares of Series Seed Preferred Stock shall be required to approve: (i) the creation of any senior equity security; (ii) any adverse change to the rights, preferences and privileges of the holders of Series Seed Preferred Stock (provided that the issuance of a new series of Preferred Stock shall not be deemed to be adverse to holders of Series Seed Preferred Stock); (iii) any merger or consolidation or sale or other disposition of all or substantially all of the assets; (iv) any acquisitions of a business or another business entity made by the Company; (v) the creation of any indebtedness for borrowed money in excess of \$500,000 in the aggregate; (vi) issuances of Stock options (or Stock or similar rights) to employees, consultants or directors in excess of those currently issued or reserved for issuance under existing plans, unless the number of shares reserved under the Company's plans is increased in connection with a private placement of shares of Preferred Stock of the Company in which the aggregate gross proceeds to the Company are at least \$2,500,000 (the "Next Financing"); (vii) any change to the size of the Board, unless the size of the Board is increased in connection with the Next Financing; (viii) dividends or share repurchases/redemptions; (ix) the decision to exclusively license all or substantially all of the Company's core intellectual property, unless such license is approved by the Board, including the Series Seed Director, or (x) any material change in the Company's business.
- Drag Along Rights:** If the Company's Board and a majority of the holders of Series Seed Preferred and Common Stock approve a Change of Control transaction or issuing new securities, then each holder of Series Seed Preferred Stock and Common Stock agrees to (i) vote all shares held by such holder in favor of such Change in Control transaction or issuance of new securities; and (ii) sell or exchange all shares of Stock then held by such holder pursuant to the terms and conditions of the Change of Control transaction.

- Tag Along Rights:** Any third party offer to acquire (i) any shares of capital stock of the Company from any founder or (ii) at least 50% of the issued and outstanding capital stock of the Company (whether by direct purchase, merger, share exchange or otherwise), must include an offer to acquire all of the outstanding Series Seed . Each non-selling holder of Series Seed shall have the right (the "Tag-Along Right") to sell to the proposed buyer all, but not less than all, of the Series Seed owned by any such holder.
- Registration Rights:** The holders of Series Seed will be entitled to receive registration rights *pari passu* with and substantially the same as any registration rights granted by the Company to holders of equity securities of the Company in the next round of financing of the Company.
- Pro-rata Rights:** The holders of Series Seed will be entitled to invest a pro-rata amount to maintain their relative ownership percentage in connection with all future financings.
- Right of First Refusal:** Each stockholder shall grant the Company or its assigns a right of first refusal with respect to any proposed transfers of stock by such stockholder (with customary exceptions for transfers in connection with estate planning and similar matters). To the extent that the Company does not fully exercise this right, each holder of Series Seed Preferred Stock (on a pro-rata basis) will have a right of first refusal with respect to any such proposed transfer of stock by such stockholder (with customary exceptions for transfers in connection with estate planning and similar matters). Each of these rights will terminate immediately prior to a Qualified IPO or a Change in Control or other transaction that constitutes a Liquidation.
- Co-Sale Right:** To the extent the right of first refusal is not exercised in full, and subject to certain limitations, each holder of Series Seed Preferred Stock with investment in the aggregate of a minimum of \$250,000 (on a pro-rata basis) shall have the right to participate on a pro-rata basis in transfers of stock by stockholders (with customary exceptions for transfers in connection with estate planning and similar matters). This right will terminate immediately prior to a Qualified IPO or a Change in Control or other transaction that constitutes a Liquidation.
- Future Rights:** The Series Seed participant with investment in the aggregate of a minimum of \$250,000 will be given the same rights as the next series of Preferred Stock (with appropriate adjustments for economic terms), if such rights are more favorable.
- Stock Vesting:** In addition, fifty percent (50%) of the shares of the Founder Shares and Restricted Common Stock held by Will Clausen (the "Founder") will be held subject to the Company's right to buyback at the greater of (1) the Price Per Share of the most recent priced Series round in excess of \$250,000 or (2) the Series Seed Price Per Share. The buyback right with respect to such shares will lapse in equal monthly increments over the next 24 months following the date of the Initial Closing.
- Inventions Agreements:** The Company will cause each person previously, now or hereafter employed by the Company or engaged as a consultant by the Company to enter into an acceptable proprietary information and inventions agreement.
- Information Rights:** The Company will provide each holder of Series Seed Preferred Stock (i)

unaudited quarterly financial statements no later than 45 days after the end of each calendar quarter and a comparison of such quarter's results with the results projected by the Company's annual budget, and (ii) an annual budget for the upcoming fiscal year promptly following approval by the Board. Holders of Series Seed Preferred Stock will be entitled to standard rights to inspect the properties and the books and records of the Company at reasonable times and upon reasonable notice to the Company. The obligation of the Company to furnish such information and to permit such inspection will terminate at the earliest of such time as the Company consummates a Qualified IPO, becomes subject to the reporting provisions of the Securities Exchange Act of 1934, as amended, or the closing of a Change of Control.

- Due Diligence The transactions contemplated by this Term Sheet are subject to the satisfactory completion of due diligence by each potential investor.
- Not an Offer This Term Sheet is not a complete description of the financing and does not constitute either an offer to sell or an offer to purchase securities.
- Purchase Agreement This investment, if any, shall be made pursuant to a Stock Purchase Agreement with appropriate representations and warranties, covenants and conditions of closing.
- Indemnification: The Company's Certificate of Incorporation shall require the Company to indemnify directors and officers to the fullest extent permitted by applicable law.
- To the extent deemed advisable by the Board of Directors, the Company will bind D&O insurance with a carrier and in an amount satisfactory to the Board of Directors.
- Company to enter into Indemnification Agreement with each Series Seed Director in form acceptable to such director.
- In the event the Company merges with another entity and is not the surviving corporation, or transfers all of its assets, proper provisions shall be made so that successors of the Company assume the Company's obligations with respect to indemnification of Directors.
- Confidentiality: The existence, terms and conditions of this term sheet are strictly confidential and may not be disclosed to anyone other than to the directors, officers and advisors of the Company. Notwithstanding the foregoing, the Founder shall be permitted to disclose the receipt of financing, the source, and equity stake in the Company.

(signature page follows)

Approval of Terms:

This Memorandum of Terms may be executed in counterparts, which together will constitute one document. Facsimile signatures shall have the same legal effect as original signatures. If the terms and conditions described above are acceptable to you as a basis for negotiating an investment in the Company, please so indicate by your signature below. This proposal will expire upon email notification from Cartogram Inc. if not accepted before

INVESTOR

By: _____
Date: _____

CARTOGRAM, INC

By: Will Clausen, Founder, CEO
Date: