

INVENTUSLAW

The Global Technology Law Firm

**GUIDELINES FOR ISSUING INITIAL EQUITY IN A
STARTUP**

	CEO	CTO	CSO/CMO	Chief Architect	Full time	Initial Idea	Initial Customers	Initial Seed Investor	Total
Founder 1	25				5	5	5	5	45
Founder 2		9			5	5	5		24
Founder 3			5		5		5		15
Employee 1				2	2				4
Employee 2					2				2
Option Pool									10

TOTAL

100

Vesting Terms:

Founders: 4 year, monthly vesting, with no cliff.

Employees

: 4 year vesting, monthly vesting, with [1] year cliff.

Advisors: 2 year vesting; monthly vesting, with [3-6] month cliff.

Acceleration:

Founders: 100% double trigger acceleration. No single trigger; possibly, negotiate 12 months acceleration on termination without "cause".

Employees

: No Acceleration

Advisors: No Acceleration. Possibly negotiate some acceleration in the event of change of control, but not in the event of a termination without "cause".

NOTES:

1. Initial Customers: Refers to credit in equity for the individual to bring in the initial customers.

2. Initial Investors: Refers to credit in equity for the individual to bring in the initial investors.

3. Full Time: Reduce to 50% for part time; or 25% for less than 50% commitment.

4. Adjustments: The above numbers for initial customers, investors and full/part time to be adjusted appropriately for the value of each item to the venture at the initial stages.

Cash Investments:

Keep independent of sweat equity. Issue promissory note on same terms as other seed investors.