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[COMPANY NAME]

SAFE
(Simple Agreement for Future Equity)

THIS CERTIFIES THAT in exchange for the payment by Durham Asset Management Company, Inc. (the “**Investor**”) of \$[Award amount] (the “**Purchase Amount**”) on or about [Date of Safe], [Company Name], a [State of Formation] limited liability company (the “**Company**”), hereby issues to the Investor this Simple Agreement for Future Equity. The Purchase Amount shall be used by the Company as set forth on Addendum A. The term “**Company**” shall include any and all successors in interest to the Company, whether by merger, share exchange, conversion, asset acquisition or otherwise.

The “**Valuation Cap**” is \$2,000,000.

The “**Discount Rate**” is 80%.

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

1. Events

(a) **Equity Financing.** If there is an Incorporation Event and 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 the Conversion Price. If the Equity Financing occurs prior to the Incorporation Event, all amounts, prices, ratios and percentages necessary to affect the issuance of Safe Preferred Stock to the Investor pursuant hereto shall be calculated as if the corporation resulting from the Incorporation Event had issued the number of shares of Standard Preferred Stock issued to the holders of the Preferred Securities as a result of the Incorporation Event for the same consideration that they paid in the Equity Financing.

In connection with the issuance of Safe Preferred Stock by the Company to the Investor pursuant to this Section 1(a), the Investor will execute and deliver to the Company all transaction documents related to the Equity Financing; *provided*, that such documents are the same documents to be entered into with the purchasers of Standard Preferred Stock, with appropriate variations for the Safe Preferred Stock if applicable, including but not limited to the elimination of any pay-to-play or similar mandatory purchase provision, and *provided further*, that such documents have customary exceptions to any drag-along applicable to the Investor, including, without limitation, limited representations and warranties and limited liability and indemnification obligations on the part of the Investor.

(b) **Liquidity Event.** If there is a Liquidity Event before the expiration or termination of this instrument, the Investor will, at its option, receive either (i) a cash payment equal to the Purchase Amount (subject to the following paragraph), (ii) if, at the time of the Liquidity Event, the Company is a corporation, 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 in (i), or (iii) if, at the time of the Liquidity Event, the Company is a limited liability company, automatically receive from the Company a cash payment equal to the product of (A) the Liquidity Percentage multiplied by (B) the sum of (1) the total cash consideration paid to the Company or its equity owners in connection with such Liquidity

Event, plus (2) the fair market value of all non-cash consideration paid to the Company or its equity owners in connection with such Liquidity Event, if the Investor fails to select the cash option in (i).

In connection with Sections (b)(i) and (b)(iii), the cash payment 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 the total cash amounts due to them, and (A) if the Company is a corporation, the Investor will automatically receive the number of shares of Common Stock equal to the remaining unpaid Purchase Amount divided by the Liquidity Price, or (B) if the Company is not a corporation, the Company shall pay the remaining balance due to the Investor (pro rata with any other Cash-Out Investors whose Safes entitle them to such payment) as soon as it may lawfully do so in preference to any and all payments to its equity owners. 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 in cash 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.

(c) **Dissolution Event**. If there is a Dissolution Event before this instrument expires or terminates, the Company will pay 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 outstanding Capital Stock or Non-Corporate Securities by reason of their ownership thereof. 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 governing body 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(c).

(d) **Distribution Event**. If there is a Distribution before this instrument expires or terminates, the Company will pay to the Investor an amount equal to the Pro Rata Share of the Distribution Amount, due and payable simultaneously with the payment of the Distribution Amount to the other holders of Capital Stock or Non-Corporate Securities, as the case may be.

(e) **Termination**. This instrument will expire and terminate (without relieving the Company of any obligations arising from a prior breach of or non-compliance with this instrument) upon either (i) the issuance of stock to the Investor pursuant to Section 1(a) or Section 1(b)(ii); or (ii) the payment, or setting aside for payment, of amounts due the Investor pursuant to Section 1(b)(i), Section 1(b)(iii) or Section 1(c).

2. **Definitions**

“**Capital Stock**” means the capital stock of the Company, including, without limitation, the “**Common Stock**” and the “**Preferred Stock**.”

“**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, or (ii) any reorganization, merger or consolidation of the Company, or any sale, lease or other disposition of all or substantially all of the assets of the Company, other than, in each case, 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.

“**Common Securities**” means Non-Corporate Securities that are not Preferred Securities.

“**Company Capitalization**” means the sum, as of immediately prior to the Equity Financing, of: (1) all shares of 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 (2) all shares of Common Stock reserved and available for future grant under any equity incentive or similar plan of the Company, and/or any equity incentive or similar plan to be created or increased in connection with the Equity Financing.

“**Conversion Price**” means either: (1) the Safe Price or (2) the Discount Price, whichever calculation results in a greater number of shares of Safe Preferred Stock.

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

“**Distribution**” means the transfer to holders of Capital Stock or Non-Corporate Securities by reason of their ownership thereof of cash or other property without consideration whether by way of dividend, distribution or otherwise, other than dividends on Common Stock payable in Common Stock, distributions of Non-Corporate Securities payable in the same type, class and/or series of Non-Corporate Securities, or the purchase or redemption of Capital Stock or Non-Corporate Securities by the Company or its subsidiaries for cash or property other than: (i) repurchases of Common Stock or Non-Corporate Securities held by employees, officers, directors or consultants of the Company or its subsidiaries pursuant to an agreement providing, as applicable, a right of first refusal or a right to repurchase shares upon termination of such service provider’s employment or services; or (ii) repurchases of Capital Stock or Non-Corporate Securities in connection with the settlement of disputes with any stockholder.

“**Distribution Amount**” means the total amount paid to all holders of Capital Stock or Non-Corporate Securities in connection with a Distribution.

“**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.

“**Equity Financing**” means a bona fide transaction or series of transactions with the principal purpose of raising capital, pursuant to which (i) with respect to a Company that is a corporation at the time of such transaction or transactions, the Company issues and sells Preferred Stock at a fixed Pre-Money Valuation, or (ii) with respect to a Company that is not a corporation at the time of such transaction or transactions, the Company issues and sells Preferred Securities at a fixed Pre-Money Valuation and such Preferred Securities are converted into or exchanged for Preferred Stock as a result of an Incorporation Event.

“**Incorporation Event**” means (i) the creation of a corporation by the Company for the purpose of commercializing the intellectual property created, invented, developed, conceived, reduced to practice or otherwise advanced by the use of the Purchase Amount, or (ii) the transfer of all or substantially all of the intellectual property created, invented, developed, conceived, reduced to practice or otherwise advanced by the use of the Purchase Amount to a corporation from a Company which is not a corporation whether as a result of a conversion, merger, consolidation, share exchange, sale, lease or other disposition of assets, or similar transaction which does not constitute a Liquidity Event.

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

“**Liquidity Capitalization**” means the number, as of immediately prior to the Liquidity Event, of shares of Capital Stock (on an as-converted basis) outstanding, assuming exercise or conversion of all outstanding vested and unvested options, warrants and other convertible securities, but **excluding**: (i) shares of Common Stock reserved and available for future grant under any equity incentive or similar plan; (ii) this instrument; (iii) other Safes; and (iv) convertible promissory notes.

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

“**Liquidity Percentage**” means the percentage equal to the quotient of the Purchase Amount divided by the Valuation Cap.

“**Liquidity Price**” means the price per share equal to the Valuation Cap divided by the Liquidity Capitalization.

“**Non-Corporate Securities**” means securities representing an equity ownership in a Company that is a limited liability company including, but not limited to, membership interests and limited liability company interests but excluding convertible notes.

“**Preferred Securities**” means Non-Corporate Securities having a right to liquidation, distribution or redemption preferences over another type, class or series of Non-Corporate Securities.

“**Pre-Money Valuation**” means (i) with respect to a Company that is a corporation, the product of (A) the Company Capitalization multiplied by (B) the per share price of the Standard Preferred Stock in an Equity Financing, or (ii) with respect to a Company that is a limited liability company, the quotient of (A) the total cash purchase price of the Preferred Securities sold in the Equity Financing divided by (B) the percentage interest represented by the Preferred Securities sold in the Equity Financing.

“**Pro Rata Share**” means the percentage determined by dividing the Purchase Amount by the Valuation Cap.

“**Safe**” means an instrument containing a future right to shares of Capital Stock, similar in form and content to this instrument, purchased by investors for the purpose of funding the Company’s business operations.

“**Safe Preferred Stock**” means the shares of a series of Preferred Stock issued to the Investor pursuant to Section 1(a), having the identical rights, privileges, preferences and restrictions as the shares of Standard Preferred Stock, other than with respect to: (i) the per share liquidation preference and the conversion price for purposes of price-based anti-dilution protection, which will equal the Conversion Price; and (ii) the basis for any dividend rights, which will be based on the Conversion Price.

“**Safe Price**” means the price per share equal to the Valuation Cap divided by the Company Capitalization.

“**Standard Preferred Stock**” means (i) with respect to a Company that is a corporation at the time of the Equity Financing, the shares of a series of Preferred Stock issued to the investors investing new money in the Company in connection with the initial closing of the Equity Financing, or (ii) with respect to a Company that is a limited liability company at the time of the Equity Financing, the shares of the series of Preferred Stock issued as a result of the Incorporation Event to holders of the Preferred Securities which were issued to the investors investing new money in the Company in connection with the initial closing of the Equity Financing.

3. *Company Representations*

Upon the incorporation and organization of the Company, the Company shall assume this instrument and make the following representations to the Investor:

(a) The Company is an entity duly organized, validly existing and in good standing under the laws of the state of its creation, and has the power and authority to own, lease and operate its properties and carry on its business as now conducted.

(b) The assumption 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 charter and/or other governing documents, (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 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 entity approvals; (ii) any qualifications or filings under applicable securities laws; and (iii) if applicable, necessary corporate approvals for the authorization of Capital Stock issuable 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. *Preemptive Rights*

If the Company offers or sells any Capital Stock, Non-Corporate Securities, any other SAFE, or any option, warrant, convertible note or other security convertible into or exercisable or exchangeable for any Capital Stock or Non-Corporate Securities, the Company shall simultaneously offer to the Duke Angel Network the right to purchase the Investor's Pro Rata Share of such securities; provided, however, that such right shall not apply to (a) Common Stock, Common Securities, options to acquire Common Stock or options to acquire Common Securities issued by reason of a dividend on Common Stock or a distribution on Common Securities, (b) Common Stock issued in connection with a stock split of outstanding Common Stock or Common Securities issued in connection with a split of outstanding Common Securities, (c) Common Stock, Common Securities, options to acquire Common Stock or options to acquire Common Securities issued to employees or directors of, or consultants or advisors to, the Company or any of its subsidiaries pursuant to a plan, agreement, or arrangement approved by the Board of Directors of the Company, (d) Capital Stock or Non-Corporate Securities actually issued upon the exercise of options or the conversion or exchange of convertible securities if such options or convertible securities were exempt from the purchase rights set forth in this Section 5 upon their original issuance or such purchase rights were waived in writing by the Duke Angel Network, (e) Common Stock, Common Securities, options to acquire Common Stock or options to acquire Common Securities issued to suppliers or third party service providers in connection with the provision of goods or services pursuant to transactions approved by the Board of Directors of the Company, and (f) Capital Stock, Non-Corporate Securities, options to acquire Capital Stock or options to acquire Non-Corporate Securities issued pursuant to the acquisition of another entity by the Company by merger or purchase of substantially all of the assets, provided that such issuances are approved by the Board of Directors of the Company. The Company shall provide to the Investor (i) no less than thirty (30) days advance written notice of any proposed offering of securities setting forth a true and accurate summary of the terms of the securities being offered, and (ii) no less than ten (10) business days prior to the closing of such offering a true and accurate copy of the definitive legal documents that will be executed upon the consummation of such offering. The rights set forth in this Section 5 may be assigned to one or more individual members of the Duke Angel Network. Upon the issuance of Standard Preferred Stock or Safe Preferred Stock, as applicable, the Company and the Duke Angel Network shall enter into an agreement granting the Duke Angel Network the rights set forth in this Section 5, unless the transaction documents related to the Equity Financing grant the Investor a right to purchase its pro rata share of securities sold or issued by the Company occurring after the Equity Financing and the right to transfer such preemptive rights to the Duke Angel Network or any one or more individual members of the Duke Angel Network, in which case the rights set forth in this Section 5 shall terminate with this Agreement.

6. *Miscellaneous*

(a) Any provision of this instrument may be amended, waived or modified only upon the written consent of the Investor and the Company or the Company, as applicable.

(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) Other than as set forth in Sections 1(d) and 5, the Investor is not entitled, as a holder of this instrument, to vote or receive dividends or be deemed the holder of Capital Stock for any purpose, nor will anything contained herein be construed to confer on 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 described herein.

(d) Other than as set forth in Section 5, neither this instrument nor the rights contained herein may be assigned, by operation of law or otherwise, by either party without the prior written consent of the other; *provided, however*, that this instrument and/or the rights contained herein 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 to the Company upon the Company's incorporation without the consent of 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 North Carolina, 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.

[COMPANY]

Address: _____

Email: _____

INVESTOR:

By: _____

Name: _____

Title: _____

Address: _____

Email: _____

ADDENDUM A
USE OF PROCEEDS

[To be inserted]