

Sample Conversion Terms and Trigger Events Structure

1. Parties

Company: ABC Tech Innovations, Inc.

Investor: Jane Doe

2. Convertible Instrument Details

Term	Description
Principal Amount	\$100,000
Interest Rate	6% per annum, non-compounding
Maturity Date	24 months from date of issuance
Valuation Cap	\$5,000,000
Discount Rate	20%

3. Conversion Terms

Upon the occurrence of a Qualified Financing or a Trigger Event, the outstanding principal and unpaid interest will convert into **Preferred Shares** of the Company at the lower of:

- (a) a price per share equal to the Valuation Cap divided by the fully diluted capitalization of the Company, or
- (b) a price per share reflecting the Discount Rate on the next financing round.

4. Trigger Events

- Qualified Financing:** Equity financing of at least \$500,000 (excluding the convertible note investment).
- Maturity:** Upon reaching the maturity date without a Qualified Financing, amount may convert at the option of the investor or be repaid.
- Change of Control:** Sale, merger, or consolidation of the Company prior to conversion triggers repayment at 2x the original principal, unless otherwise agreed.
- Dissolution:** Upon liquidation or winding up, noteholders are repaid with available assets, subordinate to senior debt.

5. Important Notes

- This document is a sample structure and should be tailored for each specific investment transaction.
- Actual conversion mechanics may differ depending on negotiations and company legal counsel.
- All terms should be reviewed by qualified legal and financial advisors before execution.
- Clear identification of Trigger Events and Conversion Terms mitigates future disputes.
- Ensure all parties understand the rights, priorities, and obligations under these terms.