The following is a summary of the basic terms and conditions of a proposed convertible promissory note financing. This term sheet is for discussion purposes only and is not binding on the Company or the Investors (as defined below), nor is the Company or any of the Investors obligated to consummate the convertible promissory note financing until a definitive convertible note purchase agreement has been agreed to and executed by the Company and the Investors.

**Issuer:** [Company’s full legal name], a [Mexican] corporation (“[_____]” or the “Company”)

**Investors:** [Investor(s)], or any of its affiliates ( “[Investor(s)]”) and other investors mutually agreed upon by [Investor(s)] and the Company (collectively the “Investors”, each an “Investor”)

**Financing Amount:** Up to [MXN/USD] $[_____] in aggregate principal amount of convertible promissory notes (the “Notes”).

**Use of Proceeds:** The Company intends to use the proceeds of this offering to [____].

**Closings:** The Company may close the sale of the Notes in one or more closings with one or more Investors of the Notes acceptable to the Company (the “Investors”, each an “Investor”).

**Maturity Date:** Unless earlier repaid or converted, outstanding principal and unpaid accrued interest on the Notes will be due and payable upon request of the Majority Holders (as defined below) made on or after the date which is [12] months from the date of the Note Purchase Agreement (the “Maturity Date”).
Interest: simple interest will accrue on an annual basis at the rate of 10.0% per annum based on a 365 day year.

Conversion: Automatic Conversion in a Qualified Financing. If the Company issues equity securities ("Equity Securities") in a transaction or series of related transactions resulting in aggregate gross proceeds to the Company of at least [MXN/USD] $[____], including conversion of the Notes and any other indebtedness (a "Qualified Financing"), then the Notes, and any accrued but unpaid interest thereon, will automatically convert into the equity securities issued pursuant to the Qualified Financing at a conversion price equal to the lesser of (i) 80% of the per share price paid by the purchasers of such equity securities in the Qualified Financing and (ii) the price obtained by dividing [MXN/USD] $[____] by the Company’s fully-diluted capitalization as of immediately prior to the initial closing of the Qualified Financing (assuming full conversion or exercise of all convertible and exercisable securities then outstanding other than the Notes).

Voluntary Conversion at the Maturity Date. If the Notes have not been previously converted pursuant to a Qualified Financing, then, effective upon the Maturity Date, the Majority Holders may elect to convert each of the Notes into shares of a newly created series of the Company’s preferred stock on the terms and conditions agreed upon by the Company and the Investors at a conversion price equal to the quotient of [MXN/USD] $[____] divided by the number of outstanding, fully-diluted number of shares immediately prior to the Maturity Date (including all outstanding options, warrants and any other shares reserved for future issuance under stock option or other equity incentive plans of the Company, but excluding the shares of equity securities of the Company issuable upon the conversion of Notes or other indebtedness).

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1 The typical type of interest for a Convertible Note is Simple.
2 The typical interest rate for a Convertible Note is 8.0 – 12.0%.
3 The typical range of discounts that we see is 10-30%. As a general rule, the shorter the term of the Notes and the less risky the investment, the lower the expected discount. Finally, please be sure to use the correct number here. If, for example, the intent is to provide for a 30% discount to the purchase price paid by the investors in the Qualified Financing, then you would insert 70% into this blank (not 30%).
4 This represents the valuation cap.
5 Typically the same as the valuation cap.
**Change of Control:** If the Company is acquired prior to the Qualified Financing, then at the Investor’s option, either (i) Investor will receive an aggregate amount equal to \([2.0]^6\) times the aggregate amount of outstanding principal and accrued but unpaid interest, or (ii) such Investor’s Note will be converted into shares of Common Stock at a conversion price implied by a \([\text{MXN/USD}] \underline{\text{____}}\] fully-diluted valuation.

**Most Favored Nation:** If the Company issues any convertible notes, convertible equity certificates or similar instruments that have rights, preferences or privileges that are more favorable than the terms of the Notes (including any rights, preferences or privileges that are added to the Notes in any Subsequent Closing), the Company shall provide equivalent rights to the Lenders with respect to the Notes (with appropriate adjustment for economic terms or other contractual rights acceptable to the Majority Holders).

**Pre-Payment:** The principal and accrued interest may not be prepaid unless approved in writing by Investors holding Notes whose aggregate principal amount represents a majority of the outstanding principal amount of all then-outstanding Notes (the “Majority Holders”).

**Security:** The Notes will be a general unsecured obligation of the Company.

**Documentation:** The Notes will be issued and sold pursuant to a convertible note purchase agreement prepared by the [Company’s / Investors’] legal counsel and will contain customary representations and warranties of the Company and the Investors (the “Note Purchase Agreement”). The Note Purchase Agreement and the Notes may be amended, or any term thereof waived, upon the written consent of the Company and the Majority Holders.

**Information Rights / Visitation and Meetings:** Each Majority Holder will be granted access to Company facilities and personnel during normal business hours and with reasonable advance notification. The Company will deliver to each Major Holder (i) annual, quarterly and monthly financial statements, in each case prepared in accordance with generally accepted accounting principles as soon as practicable but not less than 120 days following

\(^6\) Typical range of multipliers 1.5x to 3.0x.
\(^7\) Typically the same as the valuation cap.
\(^8\) Consider on a case by case basis.
the end of the fiscal year, 45 days following the end of a fiscal quarter and 15 days following the end of the month, respectively, [and annual financial statements shall be audited by an independent nationally recognized accounting firm]; (ii) 30 days prior to the end of each fiscal year, a comprehensive operating budget forecasting the Company’s revenues, expenses and cash position on a month to month basis for the upcoming fiscal year; and (iii) promptly following the end of each quarter, an up-to-date capitalization table.

**[Protective Provisions]**

In addition to any other vote or approval required under the Company’s Bylaws, [including the existing protective provisions for the holders of the Existing Preferred Stock], the Company will not, without the written consent of the Majority Holders, either directly or by amendment, merger, consolidation, or otherwise:

(i) Liquidate, dissolve or wind up the affairs of the Company, or effect any merger or consolidation or any other Deemed Liquidation Event;

(ii) Create or authorize the creation of or issue any new class or series of stock or any other security convertible into or exercisable for any equity security (by reclassification, amendment or alteration of any existing security, or otherwise), having rights, preferences or privileges senior to or on parity with the Series [A] Preferred Stock;

(iii) Amend, alter or repeal any provision of the Bylaws;

(iv) Increase or decrease the authorized number of shares of Common Stock or Preferred Stock (or any series thereof);

(v) Redeem or repurchase of any Common Stock or Preferred Stock;

(vi) Increase or decrease the size of the Board of Directors;

(vii) Purchase or redeem or pay any dividend with respect to any capital stock other than stock repurchased at cost from service providers of the Company upon termination and other than the exercise by the Company of contractual rights of first refusal over such stock;

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9 Consider on a case by case basis
10 To be included only if the Company has outstanding Preferred Stock.
(viii) Become obligated under any loan or guarantee of indebtedness (other than indebtedness to financial institutions) in excess of \[\text{MXN/USD} \, \$[_____]\] in the aggregate;

(ix) Create or hold capital stock in any subsidiary that is not a wholly-owned subsidiary or dispose of any subsidiary stock or all or substantially all of any subsidiary assets;

(x) Cease to engage in a business that is substantially similar to the business engaged in, or contemplated to be engaged in, as of the Closing;

(xi) Engage in, or consummate, any sale, lease, assignment, transfer, exchange or other conveyance (including by exclusive license or otherwise) of all or substantial all of the assets of the Company in a single transaction or series of related transactions.

[Board of Directors:11] The Majority Holders of the Notes may appoint [one] member [\$] to the Company’s board of directors.

Key Man Clause: Mr. [____] will commit to devote substantially all of his professional business time and effort to the proper operation of the Company during a period of no less than [5] years post-Closing.

Conditions to Closing: The Closings will occur upon the satisfaction of customary closing conditions, including, but not limited to:

(i) Completion of legal documentation satisfactory to the Investors and the Company;
(ii) Satisfactory completion of financial and legal due diligence;
(iii) [Transformation of the Company into a SAPI legal entity;]
(iv) Approval by the Investment Committees of the Investors.

Representations and Warranties: Standard representations and warranties by the Company.

Fees and Expenses: Company to pay all legal and administrative costs of the financing at Closing, including reasonable fees and

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11 Consider on a case by case basis
expenses (not to exceed USD $10,000) of the Company’s / Investors’ counsel.

**Governing Law:**

The Notes shall be governed by and construed in accordance with the laws of [Mexico], without giving effect to principles of conflicts of law.

[Signatures on next page]
This term sheet is non-binding and is intended solely as a summary of the terms that are currently proposed by the parties. The parties acknowledge that they neither intend to enter, nor have they entered, into any agreement to negotiate a definitive agreement pursuant to this term sheet, and either party may, at any time prior to execution of such definitive agreement, propose different terms from those summarized herein or unilaterally terminate all negotiations pursuant to this term sheet without any liability whatsoever to the other party. Each party will be solely liable for all of its own fees, costs and other expenses in conjunction with negotiation and preparation of a final agreement pursuant to this term sheet.

Acknowledged and agreed:

[Company]

By: ______________________________

Name: [Print name]
Title: [Print title]

Date: ______________________________

[Investor(s)]

By: ______________________________

Name: [Print name]
Title: [Print title]

Date: ______________________________