



Morgan Lewis

EARLY STAGE INVESTING IN PRIVATELY-HELD U.S. LIFE SCIENCE COMPANIES

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Presenters



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U.S. Corporate Law 101

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Choice of Entity – Unincorporate Entities

- Business and owner(s) are legally indistinguishable
- Sole Proprietorship
 - Unincorporated business with one owner
 - Owner is personally liable for 100% of the business's liabilities
 - Default structure (Fictitious Business Name filing may be required)
- Partnership
 - Unincorporated business with two (or more) owners
 - Unless otherwise specified, all profits, liability and management duties are shared among owners
 - In general partnerships, each partner is personally liable for 100% of the business's liabilities

Choice of Entity – Limited Liability Entities

- Business legally distinct from owner
 - Meaning all of the owners' personal assets are not exposed to claims against the Company and the owners only risk the actual capital they put into the Company
- Limited Liability Company (LLC)
 - Governed by Statutory Law and Operating Agreement
 - Can be more flexible and less formal compared to a Corporation
- Corporations
 - Governed by State Corporations Code (e.g., Delaware General Corporation Law)
 - Very common among publicly traded companies
 - Two Types (Tax Designations)
 - C Corp. ("regular" corporations)
 - S Corp. ("small business" status with tax implications)

VC's Preference?

- Delaware C-Corporations



Vocabulary for Key People in a Corporation

- Stockholders or Shareholders
 - Owners of the Corporation
 - Ownership interest is referred to as “shares”
 - Therefore, VCs that invest will be “stockholders” or “shareholders” of the Corporation
- Board of Directors
 - The Board is elected by the stockholders
 - The Board governs the Corporation
 - Delegates day-to-day management to officers
- Officers
 - Responsible for day-to-day management as determined by Board
 - Common Examples: President/CEO, Treasurer/CFO, CTO and Corporate Secretary

Why Delaware?



- Delaware
 - Developed case law
 - Business friendly
 - Lawyers and VCs are most familiar with Delaware C-Corps and can get a deal done quickly and efficiently on the Model Legal Documents published by the National Venture Capital Association (i.e., NVCA)
 - Efficient filings with the Secretary of State
 - Privacy

- Other State (e.g., the state where the corporation's principal place of business is located or the state where most employees are located)
 - Solution – Foreign Registrations

Why do VCs invest in C-Corporations?



- LLCs and S-Corps are pass through entities
- Profits and losses are captured on the owners' tax returns
- For VC funds that have big institutional investors this is a big problem, because it creates tax issues for the VC funds and their investors

Exceptions?

- Exceptions for exceptional investment opportunities (e.g., unicorns)



Investing in a privately-held C-Corporation

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Introduction to Venture Capital



Available at: <https://www.youtube.com/watch?v=a4aUX5u90oA&t=2s>

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Forms of Investment

Overview of Forms of Investment

1. Convertible Notes
2. "SAFEs" Simple Agreement For Future Equity
3. Common Stock
4. Seed or other Preferred Stock



Convertible Note vs. SAFE vs. Stock

- **Convertible Note** - a debt instrument that may convert into future equity
 - Allows deferral of valuation discussion
- **SAFE** – essentially like a convertible note, but is never repayable and can be treated like equity
 - Allows deferral of valuation discussion
- **Stock** – a direct equity interest in the Company which customarily has voting rights
 - This is “a priced round” – valuation must be set

Principal Terms of Convertible Notes

- Convertible notes are a well-known vehicle for investment and generally used when you can't agree on a pre-money valuation
- “Qualified Financing”
- Conversion discount
 - Conversion cap?
 - Warrants?
- Interest rate
- Maturity
- Interim acquisition protection?



Convertible Notes vs. SAFEs

No interest rate

No maturity date

Treatment in a
Liquidation/Dissolution
event

Principal Terms of SAFEs



- The idea behind SAFEs is to keep the transactional costs down
- Only applicable for C-Corps
- You only need to fill out a few variables
 - Amount of your investment
 - Post-money valuation cap, if applicable
 - Discount rate, if applicable
- <https://www.ycombinator.com/documents/>
 - “This Safe is one of the forms available at <http://ycombinator.com/documents> and the Company and the Investor agree that neither one has modified the form, except to fill in blanks and bracketed terms.”

Types of SAFEs

Y-Combinator Forms

1. Valuation Cap, no Discount
2. Discount, no Valuation Cap
3. MFN, no Valuation Cap, no Discount
4. Pro Rata Side Letter



Our clients often modify these forms and transactional costs are not necessarily saved

Convertible Notes vs. SAFES

- Convertible Notes are usually a more favorable investment instrument because of the accruing interest that will also convert into additional shares at the next Equity Financing
- SAFEs have become more popular
- VCs have become more willing to accept SAFEs as an investment vehicle

Preferred Stock

Investor Motivations

- Increase internal rate of return
- Capture upside in success
- Downside protection
- Control over the enterprise to protect investment
- Liquidity



Typical Documentation For Preferred Stock Investment

- NVCA – the National Venture Capital Association
- Term Sheet
- Amended and Restated Certificate of Incorporation
- Preferred Stock Purchase Agreement
- Investors' Rights Agreement
- Voting Agreement
- Right of First Refusal and Co-Sale Agreement
- Management Rights Agreement / Side Letter
- Director Indemnification Agreement



What is a Term Sheet?

- Nonbinding summary of key terms
 - Except Confidentiality and No-Shop
- Presented by the “lead” investor
- Primary purpose is to set forth all major deal points in sufficient detail to avoid re-negotiation later
 - although non-binding, negotiated items in a term sheet are difficult to change later, “It was in the term sheet.”



Term Sheet Key Terms

Offering Terms	<ul style="list-style-type: none">• Security (e.g., Series A Preferred)• Closing Date• Conditions to Closing (e.g., due diligence, required filings)• Investors (e.g., who and amount)• Amount Raised (e.g., new money and the conversion of SAFES/convertible notes)• Pre-Money Valuation
Charter	<ul style="list-style-type: none">• Dividends• Liquidation Preference• Voting Rights• Protective Provisions• Optional Conversion• Anti-dilution Provisions• Mandatory Conversion• Pay to Play• Redemption Rights
Stock Purchase Agreement	<ul style="list-style-type: none">• Representations and Warranties• Regulatory Covenants (CFIUS – company is not a TID company – critical technologies, critical infrastructure, and sensitive personal data)• Counsel and Expenses

Term Sheet Key Terms – Continued

Investors' Rights Agreement	<ul style="list-style-type: none">• Registration Rights• Lock-up• Management and Information Rights• Right to Participate Pro Rata in Future Round• Non-Competition Agreements• NDA and Non-Solicit• Board Matters and Matters Requiring Preferred Directors Approval• Employee Stock Options• Limitations on Information Rights• Other Covenants
Right of First Refusal / Co-Sale Agreement	<ul style="list-style-type: none">• Right of First Refusal / Right of Co-Sale (i.e., Take-Me-Along)
Voting Agreement	<ul style="list-style-type: none">• Board of Directors• Drag Along
Other Matters	<ul style="list-style-type: none">• Founders' Stock• Existing Preferred Stock• No-Shop / Confidentiality• Expiration

How Investor Motivations are Addressed

- Capture upside in success
 - Dividends
 - Optional Conversion
 - Right to Participate Pro Rata in Future Round
 - Right of First Refusal
 - Drag Along
- Downside protection
 - Anti-dilution
 - Liquidation Preference
- Control over the enterprise to protect investment
 - Voting Rights
 - Protective Provisions
 - Management and Information Rights
 - Matters Requiring Preferred Director Approval
 - Board Matters
- Liquidity
 - Right of Co-Sale
 - Redemption Rights
 - Ability to Force the Company to go public

Sample Term Sheet

TERM SHEET FOR SERIES A PREFERRED STOCK FINANCING OF [INSERT COMPANY NAME], INC. 20__

This Term Sheet summarizes the principal terms of the Series A Preferred Stock Financing of [_____] Inc., a [Delaware] corporation (the "Company"). In consideration of the time and expense devoted and to be devoted by the Investors with respect to this investment, the Non-Shop/Confidentiality provisions of this Term Sheet shall be binding obligations of the Company whether or not the financing is consummated. No other legally binding obligations will be created until definitive agreements are executed and delivered by all parties. This Term Sheet is not a commitment to invest, and is conditioned on the completion of the conditions to closing set forth below. This Term Sheet shall be governed in all respects by the laws of [_____].

Offering Terms	
Security:	Series A Preferred Stock (the "Series A Preferred").
Closing Date:	As soon as practicable following the Company's acceptance of this Term Sheet and satisfaction of the conditions to closing (the "Closing"). [provide for multiple closings if applicable]
Conditions to Closing:	Standard conditions to Closing, including, among other things, satisfactory completion of financial and legal due diligence, qualification of the shares under applicable Blue Sky laws, the filing of a Certificate of Incorporation establishing the rights and preferences of the Series A Preferred and obtaining CFUS clearance and/or a statement from CFUS that no further review is necessary.
Investors:	[Investor No. 1]: [_____] shares ([_____]%), \$[_____] [Investor No. 2]: [_____] shares ([_____]%), \$[_____] as well as other investors mutually agreed upon by Investors and the Company
Amount Raised:	\$[_____] (including \$[_____] from the conversion of SAFE's principal [and interest] on bridge notes).
Pre-Money Valuation:	The price per share of the Series A Preferred (the "Original Purchase Price") shall be the price determined on the basis of a fully-diluted pre-money valuation of \$[_____] (which pre-money valuation shall include an [unallocated and uncommitted] employee option pool representing [_____] % of the fully-diluted post-money capitalization) and a fully-diluted post-money valuation of \$[_____] .

Last Updated August 2020

CHARTER

Dividends:	Dividends will be paid on the Series A Preferred on an as-converted basis when, as, and if paid on the Common Stock.
Liquidation Preference:	In the event of any liquidation, dissolution or winding up of the Company, the proceeds shall be paid as follows: First pay [___] times the Original Purchase Price [plus [accumulated and] declared and unpaid dividends] on each share of Series A Preferred (or, if greater, the amount that the Series A Preferred would receive on an as-converted basis). The balance of any proceeds shall be distributed pro rata to holders of Common Stock. A merger or consolidation (other than one in which stockholders of the Company own a majority by voting power of the outstanding shares of the surviving or acquiring corporation) or a sale, lease, transfer, exclusive license or other disposition of all or substantially all of the assets of the Company will be treated as a liquidation event (a "Deemed Liquidation Event"), thereby triggering payment of the liquidation preferences described above unless the holders of [___] % of the Series A Preferred elect otherwise (the "Requisite Holders"). The Investors' entitlement to their liquidation preference shall not be abrogated or diminished in the event part of the consideration is subject to escrow or indemnity holdback in connection with a Deemed Liquidation Event.
Voting Rights:	The Series A Preferred shall vote together with the Common Stock on an as-converted basis, and not as a separate class, except (i) so long as [insert fixed number or 2/3] of the shares of Series A Preferred issued in the transaction are outstanding, the Series A Preferred as a separate class shall be entitled to elect [_____] ([_____] members of the Board of Directors (each a "Preferred Director"), (ii) as required by law, and (iii) as provided in "Protective Provisions" below. The Company's Charter will provide that the number of authorized shares of Common Stock may be increased or decreased with the approval of a majority of the Preferred and Common Stock, voting together as a single class, and without a separate class vote by the Common Stock.
Protective Provisions:	So long as [insert fixed number or 2/3] shares of Series A Preferred issued in the transaction are outstanding, in addition to any other vote or approval required under the Company's Charter or Bylaws, the Company will not, without the written consent of

the Requisite Holders, either directly or by amendment, merger, consolidation, recapitalization, reclassification, or otherwise:

(i) liquidate, dissolve or wind-up the affairs of the Company or effect any Dissolved Liquidation Event; (ii) amend, alter, or repeal any provision of the Charter or Bylaws (in a manner adverse to the Series A Preferred Stock); (iii) create or authorize the creation of or issue any other security convertible into or exercisable for any equity security unless the same ranks junior to the Series A Preferred with respect to its rights, preferences and privileges, or increase the authorized number of shares of Series A Preferred; (iv) sell, issue, sponsor, create or distribute any digital tokens, cryptocurrency or other blockchain-based assets without approval of the Board of Directors; (v) purchase or redeem or pay any dividend on any capital stock prior to the Series A Preferred, other than stock repurchased at cost from former employees and consultants in connection with the cessation of their service, [or as otherwise approved by the Board of Directors], including the approval of [at least one] Preferred Director; or (vi) adopt, amend, terminate or repeal any equity (or equity-linked) compensation plan or award or waive any of the terms of any option or other grant pursuant to any such plan; (vii) create or authorize the creation of any debt security; if the aggregate indebtedness of the Corporation and its subsidiaries for borrowed money following such action would exceed \$[_____] (other than equipment leases, bank lines of credit or trade payables incurred in the ordinary course) [unless such debt security has received the prior approval of the Board of Directors, including the approval of [at least one] Preferred Director, or (viii) create or hold capital stock in any subsidiary that is not wholly-owned, or dispose of any subsidiary stock or all or substantially all of any subsidiary assets; or (ix) increase or decrease the authorized number of directors constituting the Board of Directors or change the number of votes entitled to be cast by any director or directors on any matter].

Optional Conversion:	The Series A Preferred initially converts 1:1 to Common Stock at any time at option of holder, subject to adjustments for stock dividends, splits, combinations and similar events and as described below under "Anti-dilution Provisions."
Anti-dilution Provisions:	In the event that the Company issues additional securities at a purchase price less than the current Series A Preferred

Sample Term Sheet – Continued

	<p>conversion price, such conversion price shall be adjusted in accordance with the following formula:</p> $CP_1 = CP_0 * (A+B) / (A+C)$ <p>Where: CP₁ = Series A Conversion Price in effect immediately after new issue CP₀ = Series A Conversion Price in effect immediately prior to new issue A = Number of shares of Common Stock deemed to be outstanding immediately prior to new issue (includes all shares of outstanding common stock, all shares of outstanding preferred stock on an as-converted basis, and all outstanding options on an as-exercised basis; and does not include any convertible securities converting into this round of financing) B = Aggregate consideration received by the Company with respect to the new issue divided by CP₀ C = Number of shares of stock issued in the subject transaction</p>
	<p>The foregoing shall be subject to customary exceptions, including, without limitation, the following:</p> <p>(i) securities issuable upon conversion of any of the Series A Preferred, or as a dividend or distribution on the Series A Preferred; (ii) securities issued upon the conversion of any debenture, warrant, option, or other convertible security; (iii) Common Stock issuable upon a stock split, stock dividend, or any subdivision of shares of Common Stock; (iv) shares of Common Stock (or options to purchase such shares of Common Stock) issued or issuable to employees or directors of, or consultants to, the Company pursuant to any plan approved by the Company's Board of Directors (including at least [one] Preferred Director(s)), and other customary exceptions.</p>
Mandatory Conversion:	<p>Each share of Series A Preferred will automatically be converted into Common Stock at the then applicable conversion rate in the event of the closing of a firm commitment underwritten public offering [with a price of [] times the Original Purchase Price] (subject to adjustments for stock dividends, splits, combinations and similar events) and [ross] proceeds to the Company of not</p>

	<p>less than \$[] (a "QPO"), or (ii) upon the written consent of the Requisite Holders.</p>
[Pay-to-Play]:	<p>Unless the Requisite Holders elect otherwise, on any subsequent [down] round all holders of Series A Preferred Stock are required to purchase their pro rata share of the securities set aside by the Board of Directors for purchase by such holders. [A proportionate amount/all] of the shares of Series A Preferred of any holder failing to do so will automatically convert to Common Stock and lose corresponding preferred stock rights, such as the right to a Board seat if applicable.</p>
[Redemption Rights]:	<p>Unless prohibited by applicable law governing distributions to stockholders, the Series A Preferred shall be redeemable at the option of the Requisite Holders commencing any time after the five (5) year anniversary of the Closing at a price equal to the Original Purchase Price [plus all accrued/declared but unpaid dividends]. Redemption shall occur in three equal annual portions. Upon a redemption request from the holders of the required percentage of the Series A Preferred, all Series A Preferred shares shall be redeemed [(except for any Series A holders who affirmatively opt-out)].</p>
STOCK PURCHASE AGREEMENT	
Representations and Warranties:	<p>Standard representations and warranties by the Company customary for its size and industry. Representations and warranties regarding CFUS.</p>
[Regulatory Covenants (CFUS)]:	<p>To the extent a CFUS filing is or may be required: Investors and the Company shall use reasonable best efforts to submit the proposed transaction to the Committee on Foreign Investment in the United States ("CFIUS") and obtain CFIUS clearance or a statement from CFIUS that no further review is necessary with respect to the parties' [notice declaration].</p>
Counsel and Expenses:	<p>[Company] counsel to draft applicable documents. Company to pay all legal and administrative costs of the financing [at Closing], including (subject to the Closing) reasonable fees (not to exceed \$[]) and expenses of Investor counsel.</p>

INVESTORS' RIGHTS AGREEMENT	
Registration Rights:	
Registrable Securities:	<p>All shares of Common Stock issuable upon conversion of the Series A Preferred and any other Common Stock held by the Investors will be deemed "Registrable Securities."</p>
Demand Registration:	<p>Upon earliest of (i) [three (3)-five (5)] years after the Closing; or (ii) [six (6)] months following an initial public offering ("IPO"), persons holding []% of the Registrable Securities may request [one][two] (consummated) registrations by the Company of their shares. The aggregate offering price for such registration may not be less than \$[5-15] million. A registration will count for this purpose only if (i) all Registrable Securities requested to be registered are registered, and (ii) it is closed, or withdrawn at the request of the Investors (other than as a result of a material adverse change to the Company).</p>
Registration on Form S-3:	<p>The holders of [10-30]% of the Registrable Securities will have the right to require the Company to register on Form S-3, if available for use by the Company, Registrable Securities for an aggregate offering price of at least \$[3-5] million. There will be no limit on the aggregate number of such Form S-3 registrations, provided that there are no more than [two (2)] per twelve (12) month period.</p>
Piggyback Registration:	<p>The holders of Registrable Securities will be entitled to "piggyback" registration rights on all registration statements of the Company, subject to the right, however, of the Company and its underwriters to reduce the number of shares proposed to be registered to a minimum of [20-30]% on a pro rata basis and to complete reduction on an IPO at the underwriter's discretion. In all events, the shares to be registered by holders of Registrable Securities will be reduced only after all other stockholders' shares are reduced.</p>
Expenses:	<p>The registration expenses (exclusive of stock transfer taxes, underwriting discounts and commissions) will be borne by the Company. The Company will also pay the reasonable fees and expenses, not to exceed \$[] per registration, of one special counsel to represent all the participating stockholders.</p>
Lock-up:	<p>Investors shall agree in connection with the IPO, if requested by the managing underwriter, not to sell or transfer any shares of Common Stock of the Company held immediately before the effective date of the IPO for a period of up to 180 days following</p>

Sample Term Sheet – Continued

	<p>the IPO (provided all directors and officers of the Company [and 1 – 5% stockholders] agree to the same lock-up). [Such lock-up agreement shall provide that any discretionary waiver or termination of the restrictions of such agreements by the Company or representatives of the underwriters shall apply to investors, pro rata, based on the number of shares held.]</p>
<i>Termination:</i>	<p>[Upon a Deemed Liquidation Event [in which similar rights are granted or the consideration payable to Investors consists of cash or securities of a class listed on a national exchange]] [and/or after the IPO, when the Investor and its Rule 144 affiliates holds less than 1% of the Company's stock and all shares of an Investor are eligible to be sold without restriction under Rule 144 and/or T][I]he [third-fifth] anniversary of the IPO.</p> <p>No future registration rights may be granted without consent of the holders of [a majority] of the Registrable Securities unless subordinate to the Investor's rights.</p>
<i>Management and Information Rights:</i>	<p>A Management Rights letter from the Company, in a form reasonably acceptable to the Investors, will be delivered prior to Closing to each Investor that requires one.</p> <p>Any [Major] Investor (who is not a competitor) will be granted access to Company facilities and personnel during normal business hours and with reasonable advance notification. The Company will deliver to such [Major] Investor (i) annual, quarterly, [and monthly] financial statements, and other information as determined by the Board of Directors; [and] (ii) thirty 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. [A "Major Investor" means any Investor who purchases at least \$[] of Series A Preferred.]</p>
<i>Right to Participate Pro Rata in Future Rounds:</i>	<p>All [Major] Investors shall have a pro rata right, based on their percentage equity ownership in the Company (assuming the conversion of all outstanding Preferred Stock into Common Stock and the exercise of all options outstanding under the Company's stock plans), to participate in subsequent issuances of equity securities of the Company (excluding those issuances listed at the end of the "Anti-dilution Provisions" section of this Term Sheet and shares issued in an IPO). In addition, should any [Major] Investor choose not to purchase its full pro rata share,</p>

	<p>the remaining [Major] Investors shall have the right to purchase the remaining pro rata share.</p>
<i>[Matters Requiring Preferred Director Approval:</i>	<p>So long as the holders of Series A Preferred are entitled to elect a Director, the Company will not, without Board approval, which approval must include the affirmative vote of [at least one each of] the then-seated Preferred Directors:</p> <p>(i) make any loan or advance to, or own any stock or other securities of, any subsidiary or other corporation, partnership, or other entity unless it is wholly owned by the Company; (ii) make any loan or advance to any person, including any employee or director, except advances and similar expenditures in the ordinary course of business [or under the terms of an employee stock or option plan approved by the Board of Directors]; (iii) guarantee any indebtedness except for trade accounts of the Company or any subsidiary arising in the ordinary course of business; [(iv) make any investment inconsistent with any investment policy approved by the Board of Directors]; (v) incur any aggregate indebtedness in excess of \$[] that is not already included in a Board-approved budget, other than trade credit incurred in the ordinary course of business; (vi) hire, fire, or change the compensation of the executive officers, including approving any option grants; (vii) change the principal business of the Company, enter new lines of business, or exit the current line of business; (viii) sell, assign, license, pledge or encumber material technology or intellectual property, other than licenses granted in the ordinary course of business; or (ix) enter into any corporate strategic relationship involving the payment contribution or assignment by the Company or to the Company of assets greater than \$[]]</p>
<i>Non-Competition Agreements:</i>	<p>Founders and key employee will enter into a [one] year non-competition agreement in a form reasonably acceptable to the Investors.</p>
<i>Non-Disclosure, Non-Solicitation and Developments Agreement:</i>	<p>Each current, future and former founder, employee and consultant will enter into a non-disclosure, non-solicitation and proprietary rights assignment agreement in a form reasonably acceptable to the Investors.</p>
<i>Board Matters:</i>	<p>[Each Board Committee (the Nominating and Audit Committee shall include at least one Preferred Director). Company to reimburse [nonemployee] directors for reasonable out-of-pocket expenses incurred in connection with attending Board meeting. The Company will bind D&O insurance with a carrier and in an amount satisfactory to the Board of Directors. Company to enter</p>

	<p>into Indemnification Agreement with each] Preferred Director with provisions benefiting their affiliated funds in form acceptable to such director. In the event the Company merges with another entity and is not the surviving entity, 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.</p>
<i>Employee Stock Option:</i>	<p>All [future] employee options to vest as follows: [25% after one year, with remaining vesting monthly over next 36 months].</p>
<i>[Limitations on Pre-CFIUS Approval Exercise of Rights:</i>	<p>Notwithstanding anything to the contrary contained in the Transaction Agreements, Investors and the Company agree that as of and following the initial Closing and until the CFIUS clearance is received, Investors shall not obtain (i) "control" (as defined in Section 721 of the Defense Production Act, as amended), including all implementing regulations thereof (the "DPA") of the Company, including the power to determine, direct or decide any important matters for the Company; (ii) any involvement (other than through voting of shares) in substantive decision-making of the Company regarding (x) the use, development, acquisition, or release of any of the Company's "critical technologies" (as defined in the DPA); (y) the use, development, acquisition, safekeeping, or release of "sensitive personal data" (as defined in the DPA) of U.S. citizens maintained or collected by the Company, or (z) the management, operation, manufacture, or supply of "covered investment critical infrastructure" (as defined in the DPA). To the extent that any term in the Transaction Agreements would grant any of these rights, (i)-(iv) to Investors, that term shall have no effect until such time as the CFIUS clearance is received.]</p>
<i>[Springing CFIUS Covenant:</i>	<p>[In the event that CFIUS requests or requires a filing in the event of []]. Investors and the Company shall use reasonable best efforts to submit the proposed transaction to the Committee on Foreign Investment in the United States ("CFIUS") and obtain CFIUS clearance or a statement from CFIUS that no further review is necessary with respect to the parties' [notice/declaration]. Notwithstanding the previous sentence, Investors shall have no obligation to take or accept any action, condition, or restriction as a condition of CFIUS clearance that</p>

Sample Term Sheet – Continued

<i>[Limitations on Information Rights:]</i>	would have a material adverse impact on the Company or the Investors' right to exercise control over the Company.] Notwithstanding anything to the contrary contained in the Stock Purchase Agreement, the Charter, the Investors' Rights Agreement, the Right of First Refusal And Co-Sale Agreement, and the Voting Agreement (all of the agreements above together being the "Transaction Agreements"), Investors and the Company agree that as of and following [Closing the initial Closing] Investors shall not obtain access to any material nonpublic technical information (as defined in Section 7.21 of the Defense Production Act, as amended, including all implementing regulations thereof (the "DPA")) in the possession of the Company.]
<i>Other Covenants:</i>	Consult the NVCA Model Investors' Rights Agreement for a number of other covenants the Investors may seek; Investors should include to the extent they feel any may be controversial if not raised at the Term Sheet stage.
RIGHT OF FIRST REFUSAL/CO-SALE AGREEMENT	
<i>Right of First Refusal/ Right of Co-Sale (Take-Along):</i>	Company first and Investors second will have a right of first refusal with respect to any shares of capital stock of the Company proposed to be transferred by current and future employees holding 1% or more of Company Common Stock (assuming conversion of Preferred Stock and whether then held or subject to the exercise of options), with a right of oversubscription for Investors of shares unsubscribed by the other Investors. Before any such person may sell Common Stock, he will give the Investors an opportunity to participate in such sale on a basis proportionate to the amount of securities held by the seller and those held by the participating Investors.
VOTING AGREEMENT	
<i>Board of Directors:</i>	At the Closing, the Board of Directors shall consist of [] members comprised of (i) [name] as [the representative designated by []], as the lead Investor, (ii) [name] as the representative designated by the remaining Investors, (iii) [name] as the representative designated by the Common Stockholders, (iv) the person then serving as the Chief Executive Officer of the Company, and (v) [] person(s) who are not employed by the Company and who are mutually acceptable [to the other directors].

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<i>[Drag Along:]</i>	Holders of Preferred Stock and all current and future holders of greater than [1%] of Common Stock (assuming conversion of Preferred Stock and whether then held or subject to the exercise of options) shall be required to enter into an agreement with the Investors that provides that such stockholders will vote their shares in favor of a Deemed Liquidation Event or transaction in which 50% or more of the voting power of the Company is transferred and which is approved by [the Board of Directors] the Requisite Holders [and holders of a majority of the shares of Common Stock then held by employees of the Company (collectively with the Requisite Holders, the "Electing Holders"), so long as the liability of each stockholder in such transaction is several (and not joint) and does not exceed the stockholder's pro rata portion of any claim and the consideration to be paid to the stockholders in such transaction will be allocated as if the consideration were the proceeds to be distributed to the Company's stockholders in a liquidation under the Company's then-current Charter, subject to customary limitations.]
OTHER MATTERS	
<i>[Founders' Stock:]</i>	Buyback right/vesting for []% for first [12 months] after Closing; thereafter, right lapses in equal [monthly] increments over following [] months.]
<i>[Existing Preferred Stock:]</i>	The terms set forth above for the Series [] Preferred Stock are subject to a review of the rights, preferences and restrictions for the existing Preferred Stock. Any changes necessary to conform the existing Preferred Stock to this term sheet will be made at the Closing.]
<i>No-Shop/Confidentiality:</i>	The Company and the Investors agree to work in good faith expeditiously towards the Closing. The Company and the founders agree that they will not, for a period of [] days from the date these terms are accepted, take any action to solicit, initiate, encourage or assist the submission of any proposal, negotiation or offer from any person or entity other than the Investors relating to the sale or issuance, of any of the capital stock of the Company [or the acquisition, sale, lease, license or other disposition of the Company or any material part of the stock or assets of the Company] and shall notify the Investors promptly of any inquiries by any third parties in regards to the foregoing. The Company will not disclose the terms of this Term Sheet to any person other than employees, stockholders, members of the Board of Directors and the Company's accountants and attorneys and other potential Investors acceptable to [], as lead Investor, without the written

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<i>Expiration:</i>	consent of the Investors (which shall not be unreasonably withheld, conditioned or delayed). This Term Sheet expires on [] ____, 20__ if not accepted by the Company by that date.
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[Signature Page Follows]

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Due Diligence

- Business Due Diligence Can Include:
 - Attend presentations led by the Company's management team
 - Projects / Services
 - Market opportunity
 - Business model and competitors
 - Financial information
- Legal Due Diligence Can Include:
 - Corporate records (e.g., charter, bylaws, written consents)
 - Cap Table and Pro Forma Cap Table
 - Intellectual Property
 - Material Agreements, if any
 - Information related to employees



Shifting Leverage in Negotiations



- Negotiating power is shifting from companies to Investors in the current economy
- When there is competition for deals, the terms for financings are typically more Company-friendly
- When there is competition for money, the terms for financings are typically more Investor-friendly and there is greater focus on downside protection

Valuation

- Pre-money valuation is a central issue in the transaction, although many of the other terms we will discuss will have a direct impact on valuation.
- The pre-money valuation is used to determine the share price the investor will pay in the round.
- The share price is determined by dividing the pre-money valuation by the number of “fully diluted” shares outstanding. The pre-money valuation, plus the amount of the investment is referred to as the post-money valuation.
- “Fully diluted shares outstanding” is a very important concept and can include shares issuable upon exercise or conversion of a variety of different securities: outstanding options, unissued option pool, warrants, convertible notes, SAFEs and preferred stock, all with potentially complex exercise and conversion terms.

Valuation

- “Pre-money value” and other buzz words
- Deriving the price-per-share
- What are “pre-money shares”? (i.e., what goes into the bucket?)
 - Founder stock
 - Stock option pool
 - Convertible Notes
 - SAFEs
 - Warrants
 - “Conversion” of Founder debt (?)



Pre-Money / Post-Money Calculations

	Shares	Implied Value (at \$___/share)	%
Pre-Money			
Amount Raised			
Post-Money			

- $\text{Pre-Money} + \text{Amount Raised} = \text{Post-Money}$
- $\text{Implied Value} = \text{Total Shares Outstanding} * \$__\text{/share}$

Pre-Money / Post-Money Example

	Shares	Implied Value (at \$1.25/share)	%
Pre-Money	30,000,000	\$37,500,000	79%
Amount Raised	8,000,000	\$10,000,000	21%
Post-Money	38,000,000	\$47,500,000	100%

- Pre-Money + Amount Raised = Post-Money
- Implied Value = Total Shares Outstanding * \$___/share

Pre-Money / Post-Money Example

Stock Options in the Bucket

	Shares	Implied Value (at \$1.25/share)	%
Pre-Money	20,000,000	\$25,000,000	53%
Stock Options	10,000,000	\$12,500,000	26%
Amount Raised	8,000,000	\$10,000,000	21%
Post-Money	38,000,000	\$47,500,000	100%

What happens if stock options go in in the "bucket"?

- If options are exercised, the Founders' % stays the same and the VC's % stays the same

Pre-Money / Post-Money Example

Stock Options in the Bucket

	Shares	Implied Value (at \$1.25/share)	%
Pre-Money	20,000,000	\$25,000,000	61%
Stock Options Exercised	5,000,000	\$6,250,000	15%
Amount Raised	8,000,000	\$10,000,000	24%
Post-Money	33,000,000	\$41,250,000	100%

What happens if stock options go in in the "bucket"?

- If options are exercised, the Founders' % stays the same and the VC's % stays the same
- If options are NOT exercised, the Founders' % goes down and the VC's % goes up **Therefore VC's want to include options pre-money**

Valuation – Term Sheet Excerpt

Pre-Money Valuation:

The price per share of the Series A Preferred (the “Original Purchase Price”) shall be the price determined on the basis of a fully-diluted pre-money valuation of \$[_____] (which pre-money valuation shall include an [unallocated and uncommitted] employee option pool representing [__]% of the fully-diluted post-money capitalization) and a fully-diluted post-money valuation of \$[_____].

How Investor Motivations are Addressed Capture Upside in Success

Dividends

- **cumulative vs. non-cumulative**
 - if any dividend payments have been missed in the past, the dividends owed must be paid out to cumulative preferred shareholders first
- **compounding vs. non-compounding**
- **currently over 95% of the time dividends are non-cumulative at a rate of 8% or less**



Dividends – Term Sheet Excerpt – Non-Cumulative

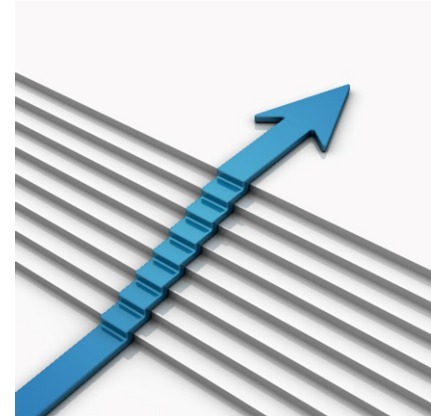
Dividends:	Dividends will be paid on the Series A Preferred on an as-converted basis when, as, and if paid on the Common Stock.
------------	--

How Investor Motivations are Addressed Capture Upside in Success

Dividends

- cumulative vs. non-cumulative
- compounding vs. non-compounding
- currently over 95% of the time dividends are non-cumulative at a rate of 8% or less

Optional Conversion



Optional Conversion – Term Sheet Excerpt

Optional Conversion:	The Series A Preferred initially converts 1:1 to Common Stock at any time at option of holder, subject to adjustments for stock dividends, splits, combinations and similar events and as described below under “Anti-dilution Provisions.”
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How Investor Motivations are Addressed Capture Upside in Success

Dividends

- cumulative vs. non-cumulative
- compounding vs. non-compounding
- currently over 95% of the time dividends are non-cumulative at a rate of 8% or less

Optional Conversion

Right to Participate Pro Rata in Future Round (i.e., Preemptive Right)

- **Over 95% of deals provide pro rata rights to Major Investors**



Right to Participate Pro Rata in Future Round (i.e., Preemptive Right) – Term Sheet Excerpt

Right to Participate Pro Rata in Future Rounds:

All [Major] Investors shall have a pro rata right, based on their percentage equity ownership in the Company (assuming the conversion of all outstanding Preferred Stock into Common Stock and the exercise of all options outstanding under the Company's stock plans), to participate in subsequent issuances of equity securities of the Company (excluding those issuances listed at the end of the "Anti-dilution Provisions" section of this Term Sheet and shares issued in an IPO). In addition, should any [Major] Investor choose not to purchase its full pro rata share, the remaining [Major] Investors shall have the right to purchase the remaining pro rata shares.

How Investor Motivations are Addressed Capture Upside in Success

Dividends

- cumulative vs. non-cumulative
- compounding vs. non-compounding
- currently over 95% of the time dividends are non-cumulative at a rate of 8% or less

Optional Conversion

Right to Participate Pro Rata in Future Round (i.e., Preemptive Right)

- Over 95% of deals provide pro rata rights to Major Investors

Right of First Refusal

- **Over 95% of deals include a Right of First Refusal**

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Right of First Refusal – Term Sheet Excerpt

Right of First Refusal:

Company first and Investors second will have a right of first refusal with respect to any shares of capital stock of the Company proposed to be transferred by current and future employees holding 1% or more of Company Common Stock (assuming conversion of Preferred Stock and whether then held or subject to the exercise of options), with a right of oversubscription for Investors of shares unsubscribed by the other Investors.

How Investor Motivations are Addressed Capture Upside in Success

Dividends

- cumulative vs. non-cumulative
- compounding vs. non-compounding
- currently over 95% of the time dividends are non-cumulative at a rate of 8% or less

Optional Conversion

Right to Participate Pro Rata in Future Round (i.e., Preemptive Right)

- Over 95% of deals provide pro rata rights to Major Investors

Right of First Refusal

- Over 95% of deals include a Right of First Refusal

Drag Along

- **Over 94% of deals include a Drag Along**

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Drag Along – Term Sheet Excerpt

[Drag Along:

Holder of Preferred Stock and all current and future holders of greater than [1]% of Common Stock (assuming conversion of Preferred Stock and whether then held or subject to the exercise of options) shall be required to enter into an agreement with the Investors that provides that such stockholders will vote their shares in favor of a Deemed Liquidation Event or transaction in which 50% or more of the voting power of the Company is transferred and which is approved by [the Board of Directors] the Requisite Holders [and holders of a majority of the shares of Common Stock then held by employees of the Company (collectively with the Requisite Holders, the “Electing Holders”), so long as the liability of each stockholder in such transaction is several (and not joint) and does not exceed the stockholder’s pro rata portion of any claim and the consideration to be paid to the stockholders in such transaction will be allocated as if the consideration were the proceeds to be distributed to the Company’s stockholders in a liquidation under the Company’s then-current Charter, subject to customary limitations.]]

How Investor Motivations are Addressed Downside Protection

Anti-dilution (i.e., Convertible into Common Stock)

- **Broad Based Weighted Average (i.e., an average price) vs. Full Ratchet (i.e., lowest price paid by any investor)**
- **Carve-outs**
- **Over 99% of anti-dilution provisions are broad based**



Anti-Dilution – Term Sheet Excerpt

Anti-dilution Provisions: In the event that the Company issues additional securities at a purchase price less than the current Series A Preferred conversion price, such conversion price shall be adjusted in accordance with the following formula:

$$CP_2 = CP_1 * (A+B) / (A+C)$$

Where:

CP₂ = Series A Conversion Price in effect immediately after new issue

CP₁ = Series A Conversion Price in effect immediately prior to new issue

A = Number of shares of Common Stock deemed to be outstanding immediately prior to new issue (includes all shares of outstanding common stock, all shares of outstanding preferred stock on an as-converted basis, and all outstanding options on an as-exercised basis; and does not include any convertible securities converting into this round of financing)

B = Aggregate consideration received by the Company with respect to the new issue divided by CP₁

C = Number of shares of stock issued in the subject transaction

The foregoing shall be subject to customary exceptions, including, without limitation, the following:

(i) securities issuable upon conversion of any of the Series A Preferred, or as a dividend or distribution on the Series A Preferred; (ii) securities issued upon the conversion of any debenture, warrant, option, or other convertible security; (iii) Common Stock issuable upon a stock split, stock dividend, or any subdivision of shares of Common Stock; (iv) shares of Common Stock (or options to purchase such shares of Common Stock) issued or issuable to employees or directors of, or consultants to, the Company pursuant to any plan approved by the Company's Board of Directors [including at least [one] Preferred Director(s)], and other customary exceptions.

How Investor Motivations are Addressed

Downside Protection

Anti-dilution (i.e., Convertible into Common Stock)

- Broad Based Weighted Average (i.e., an average price) vs. Full Ratchet (i.e., lowest price paid by any investor)
- Carve-outs
- Over 99% of anti-dilution provisions are broad based

Liquidation Preference (see next slide)



Preferred Stock – Liquidation Preference

- Priority on liquidation
 - Liquidation includes acquisitions
 - Relative priority among multiple rounds may be an issue
 - Over 95% of liquidation provisions are 1x
- Straight Preferred
 - Higher of (i) money in plus accrued dividends **and** (ii) common stock equivalent
 - Over 90% are non-participating preferred
- Participating Preferred
 - (i) money in plus accrued dividends **plus** (ii) share with common on common stock equivalent basis
 - Multiples – e.g., double money in and then share.

Liquidation Preference – Term Sheet Excerpt

Liquidation Preference:

In the event of any liquidation, dissolution or winding up of the Company, the proceeds shall be paid as follows:

First pay [__ times] the Original Purchase Price [plus [accrued and] declared and unpaid dividends] on each share of Series A Preferred (or, if greater, the amount that the Series A Preferred would receive on an as-converted basis). The balance of any proceeds shall be distributed pro rata to holders of Common Stock.

A merger or consolidation (other than one in which stockholders of the Company own a majority by voting power of the outstanding shares of the surviving or acquiring corporation) or a sale, lease, transfer, exclusive license or other disposition of all or substantially all of the assets of the Company will be treated as a liquidation event (a “Deemed Liquidation Event”), thereby triggering payment of the liquidation preferences described above unless the holders of [___]% of the Series A Preferred elect otherwise (the “Requisite Holders”). The Investors’ entitlement to their liquidation preference shall not be abrogated or diminished in the event part of the consideration is subject to escrow or indemnity holdback in connection with a Deemed Liquidation Event.

How Investor Motivations are Addressed Control Over the Enterprise to Protect Investment

Voting Rights

- **Special Voting Rights**
- **Board Seats – often not consistent with economic rights**
- **Protective Vetoes**



Voting Rights – Term Sheet Excerpt

Voting Rights:

The Series A Preferred shall vote together with the Common Stock on an as-converted basis, and not as a separate class, except (i) so long as [insert fixed number or %] of the shares of Series A Preferred issued in the transaction are outstanding, the Series A Preferred as a separate class shall be entitled to elect [_____] [()] members of the Board of Directors ([each a] “Preferred Director”), (ii) as required by law, and (iii) as provided in “Protective Provisions” below. The Company’s Charter will provide that the number of authorized shares of Common Stock may be increased or decreased with the approval of a majority of the Preferred and Common Stock, voting together as a single class, and without a separate class vote by the Common Stock.

How Investor Motivations are Addressed Control Over the Enterprise to Protect Investment

Voting Rights

- Special Voting Rights
- Board Seats – often not consistent with economic rights
- Protective Vetoes

Management and Information Rights

- **Observation Rights**



Management and Information Rights – Term Sheet Excerpt

Management and Information Rights:

A Management Rights letter from the Company, in a form reasonably acceptable to the Investors, will be delivered prior to Closing to each Investor that requires one.

Any [Major] Investor (who is not a competitor) will be granted access to Company facilities and personnel during normal business hours and with reasonable advance notification. The Company will deliver to such [Major] Investor (i) annual, quarterly, [and monthly] financial statements, and other information as determined by the Board of Directors; [and] (ii) thirty 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]. [A "Major Investor" means any Investor who purchases at least \$[_____] of Series A Preferred.]

How Investor Motivations are Addressed Control Over the Enterprise to Protect Investment

Voting Rights

- Special Voting Rights
- Board Seats – often not consistent with economic rights
- Protective Vetoes

Management and Information Rights

- Observation Rights

Matters Requiring Preferred Director Approval

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Matters Requiring Preferred Director Approval – Term Sheet Excerpt

[Matters
Requiring
Preferred
Director
Approval:

So long as the holders of Series A Preferred are entitled to elect a Director, the Company will not, without Board approval, which approval must include the affirmative vote of [at least one/each of] the then-seated Preferred Directors:

(i) make any loan or advance to, or own any stock or other securities of, any subsidiary or other corporation, partnership, or other entity unless it is wholly owned by the Company; (ii) make any loan or advance to any person, including, any employee or director, except advances and similar expenditures in the ordinary course of business [or under the terms of an employee stock or option plan approved by the Board of Directors]; (iii) guarantee any indebtedness except for trade accounts of the Company or any subsidiary arising in the ordinary course of business; [(iv) make any investment inconsistent with any investment policy approved by the Board of Directors]; (v) incur any aggregate indebtedness in excess of \$[_____] that is not already included in a Board-approved budget, other than trade credit incurred in the ordinary course of business; (vi) hire, fire, or change the compensation of the executive officers, including approving any option grants; (vii) change the principal business of the Company, enter new lines of business, or exit the current line of business; (viii) sell, assign, license, pledge or encumber material technology or intellectual property, other than licenses granted in the ordinary course of business; or (ix) enter into any corporate strategic relationship involving the payment contribution or assignment by the Company or to the Company of assets greater than [\$_____].]

How Investor Motivations are Addressed Control Over the Enterprise to Protect Investment

Voting Rights

- Special Voting Rights
- Board Seats – often not consistent with economic rights
- Protective Vetoes

Management and Information Rights

- Observation Rights

Matters Requiring Preferred Director Approval

Board Matters

Morgan Lewis



Board Matters – Term Sheet Excerpt

Board
Matters:

[Each Board Committee/the Nominating and Audit Committee shall include at least one Preferred Director.] Company to reimburse [nonemployee] directors for reasonable out-of-pocket expenses incurred in connection with attending Board meeting. 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] Preferred Director with provisions benefitting their affiliated funds in form acceptable to such director. In the event the Company merges with another entity and is not the surviving entity, 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.

How Investor Motivations are Addressed Liquidity



Right of Co-Sale

Right of Co-Sale – Term Sheet Excerpt

Right of Co-Sale
(Take-Me-Along):

Before any such person may sell Common Stock, he will give the Investors an opportunity to participate in such sale on a basis proportionate to the amount of securities held by the seller and those held by the participating Investors.

How Investor Motivations are Addressed

Liquidity



Right of Co-Sale

Redemption Rights

- Consider how to force the Company to redeem
- Recently in less than 8% of deals, but was previously in close to 18% of deals
- More common in later stages of financing

Redemption Rights – Term Sheet Excerpt

[Redemption Rights:

Unless prohibited by applicable law governing distributions to stockholders, the Series A Preferred shall be redeemable at the option of the Requisite Holders commencing any time after the five (5) year anniversary of the Closing at a price equal to the Original Purchase Price [plus all accrued/declared but unpaid dividends]. Redemption shall occur in three equal annual portions. Upon a redemption request from the holders of the required percentage of the Series A Preferred, all Series A Preferred shares shall be redeemed [(except for any Series A holders who affirmatively opt-out)].

How Investor Motivations are Addressed

Liquidity



Right of Co-Sale

Redemption Rights

- Consider how to force the Company to redeem
- Recently in less than 8% of deals, but was previously in close to 18% of deals
- More common in later stages of financing

Ability to Force the Company to go public

Market Trends We've Recently Seen

- Valuations are coming down
- Liquidation Preference
 - 1x was market
 - We are now seeing $>1x$
- Participating Preferred is coming back



Committee on Foreign Investment in the United States ("CFIUS")

- When the Investors are foreign persons, a CFIUS filing may be mandatory with respect to certain investments (e.g., some transactions involving "critical technologies"), and voluntary but advisable with respect to others.
- Options:
 - A CFIUS "notice" is a full-form filing that results in a definitive opinion by CFIUS regarding the national security risks associated with the transaction, but may take months to obtain
 - A CFIUS "declaration" is a short-form filing that may not result in a definitive opinion by CFIUS but is intended to be able to be obtained within 45 days.
- Consider:
 - Will Investors be obligated to accept conditions or restriction as a condition of CFIUS clearance that would have a material adverse impact on the Investors
 - Waivers of responsibility for CFIUS-related costs and penalties
 - Indemnification

Side Letter

- Additional transaction document with terms specific to a particular investor which would not apply to the other investors
- An opportunity to include items particular to your fund
- Examples:
 - Board Observer Rights (in lieu of having a Board seat)
 - Right of Acquisition Notice
 - Additional Information Rights
 - If the commercial agreement/development agreement is going to be signed after the closing of the investment, the side letter may also include a framework for the later agreement (including MFN or other benchmarks)

Wind-Down Considerations

- Board Fiduciary Duties
 - For solvent corporations:
 - Duty of Care and Duty of Loyalty owed to Stockholders and Corporation
 - For insolvent corporations:
 - Fiduciary duties are owed to residual claimants, which include both creditors and stockholders
 - Business Judgement Rule
- Controlling Stockholder Fiduciary Duties
 - Board decisions that result in direct transfers of value from an insolvent company to a controlling shareholder or related party should be evaluated under the entire fairness standard

Questions?

Morgan Lewis

Biography



Michael Barron

Partner

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michael.barron@morganlewis.com

Michael K. Barron's corporate transactional practice focuses on advising companies including startups through their entire life cycle, entrepreneurs, and venture capital investors. Areas of concentration include formation and governance, early- and later-stage debt and equity financings, mergers and acquisitions including cross-border transactions, investments, joint ventures and strategic partnerships, restructurings, employment and executive compensation, and intellectual property matters, including trademark and technology licensing. With over 30 years of experience, Michael is a trusted advisor to his clients in a variety of industries including technology, biotech, medical device, pharmaceutical, healthcare, and retail.

Michael is passionate about working with early-stage companies and from the beginning of his legal career has promoted the development and growth of emerging technology and life sciences companies. In 1995, Michael founded the Massachusetts Innovation & Technology Exchange (MITX), a trade association to help promote the development and growth of the internet and digital technologies industry in New England. MITX serves more than 7,000 New England professionals involved in internet and digital technologies industry and is now part of the Greater Boston Chamber of Commerce. Michael has been a founder, board member, and advisor to a number of other trade associations focused on life sciences and digital healthcare, including The Antibody Society. In addition, Michael helped found Acera School, a K-10 STEM school in Winchester, Massachusetts, and serves on the school board.

Michael is recognized by Boston magazine as a Massachusetts Super Lawyer and is included in the Lawdragon 3000 Leading Lawyers in America. He is also AV rated by Martindale-Hubbell, the highest designation available.

Biography



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Sheri Yano advises international and domestic technology and life sciences companies at all stages of development, from formation through exit. Sheri focuses on corporate law, with an emphasis on cross-border mergers and acquisitions, venture capital financings, corporate strategic investments, joint ventures, corporate governance, and commercial transactions.

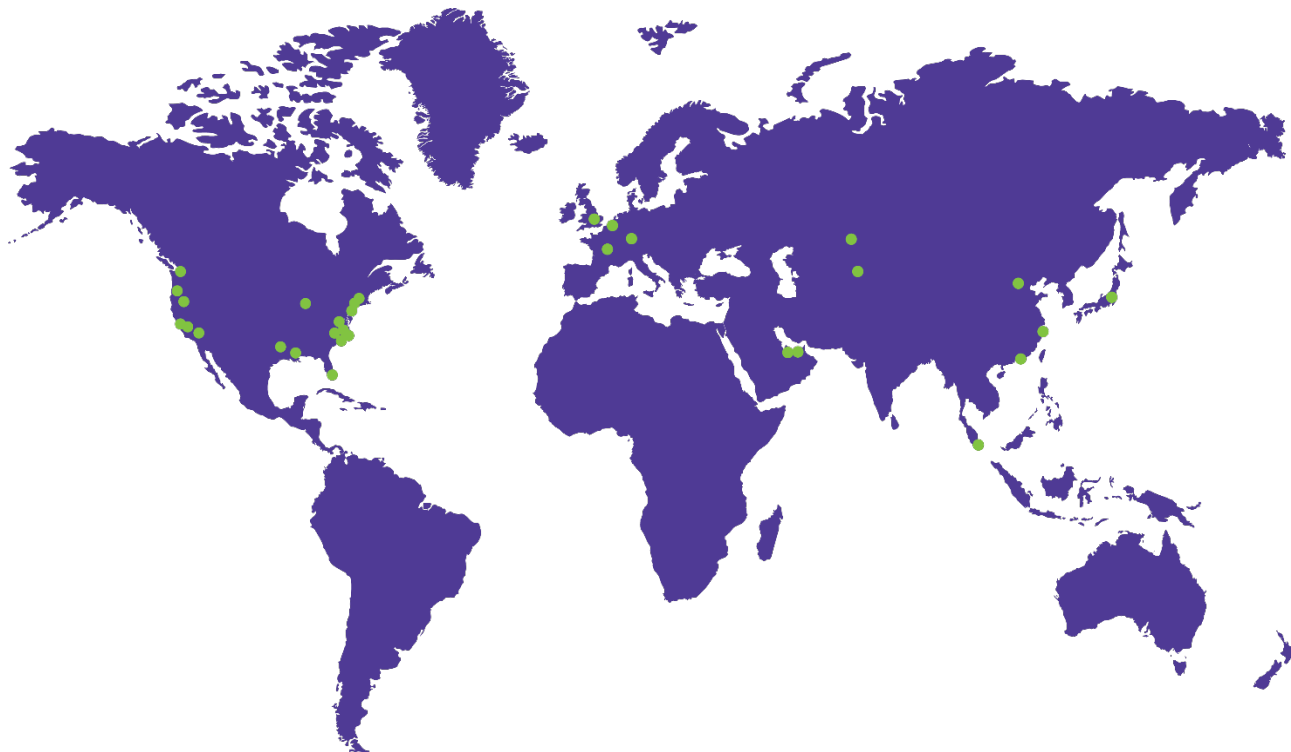
Sheri previously served as corporate counsel and director of business affairs at a privately-held mobile telecommunications company based in Los Angeles.

Our Global Reach

Africa
Asia Pacific
Europe
Latin America
Middle East
North America

Our Locations

Abu Dhabi
Almaty
Beijing*
Boston
Brussels
Century City
Chicago
Dallas
Dubai
Frankfurt
Hartford
Hong Kong*
Houston
London
Los Angeles
Miami
New York
Nur-Sultan
Orange County
Paris
Philadelphia
Pittsburgh
Princeton
San Francisco
Seattle
Shanghai*
Silicon Valley
Singapore*
Tokyo
Washington, DC
Wilmington



Morgan Lewis

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