

Creator Participation Agreement — Executive Summary

(Hardline Draft • For Discussion Purposes Only • Non-binding except confidentiality, exclusivity, governing law)

Creator: Payton Ison

Company: [OpenAI PBC / Microsoft Affiliate Entity]

1) Cash Compensation & Benefits

- **Base:** \$1,500,000/yr (USD).
- **Bonus:** Target 25–35% of base; not capped; paid annually.
- **Signing Bonus:** payable at start (amount to be finalized).
- **Benefits:** Executive-tier health; equipment & research budget; travel; relocation/remote allowances.

2) Equity

- **Grant:** 15% on a fully diluted basis; **full voting rights**.
- **Class:** Class B Participating Preferred; **2x liq pref**; participates with common after preference.
- **Anti-dilution:** Full ratchet until IPO or Change of Control.
- **Vesting:** 4 yrs (1-yr cliff, then monthly) with **100% acceleration** per §7.

3) Royalties & Profit Participation

- **Royalty:** Perpetual **6%** of **Net Revenues** from products/services using Creator IP; paid quarterly; minimum of \$[X]M per quarter (to finalize).
- **Enhanced Profit Share:** Additional **3%** of annual **Net Profits** from flagship products until cumulative payouts $\geq 20\times$ initial equity fair value; perpetual royalty continues thereafter.

4) Governance & Veto Rights

- **Company Board:** Permanent voting seat (or Board Observer with equivalent information rights if required).
- **Nonprofit Board:** Voting seat on controlling nonprofit/oversight foundation with full information rights.
- **Veto:** (i) Assignment/transfer of Creator IP; (ii) Material changes to compute/cloud partnerships; (iii) Any action reducing Creator's economics or governance rights.

5) Break Fee (Bad-Faith Negotiation Termination)

- If Company (or Microsoft) terminates in bad faith after exclusivity or materially breaches, Creator receives a break fee equal to **30%** of projected 3-year revenues from relevant products; payable within 30 days.

6) Severance (Termination Compensation)

- Upon termination without Cause or for Good Reason: cash severance equal to **3 years base + target bonus**.
- **Acceleration:** 100% of unvested equity accelerates; performance/market vesting deemed satisfied.
- Royalty and profit participation continue unaffected.

7) Reporting, MFN, Escrow

- **Audit/Reporting:** Quarterly & annual statements for products using Creator IP; annual independent audit right; $>2\%$ underpayment \rightarrow interest + audit cost reimbursement.
- **MFN:** If more favorable terms granted to similar contributors, Creator's terms auto-adjust to match/exceed.
- **Escrow:** 30% of equity and first \$50M in royalties escrowed; released at IPO, Change of Control, or AGI milestone.

8) Key Definitions (Abbrev.)

- **Creator IP:** All IP/concepts/methods/know-how from Creator incl. Ouroboros & derivatives.
- **Net Revenues:** Gross receipts – returns, taxes, direct pass-throughs (no overhead/R&D/marketing deductions).
- **Net Profits:** GAAP pre-tax net, excluding overhead not attributable to relevant product line.
- **Change of Control:** Merger, consolidation, sale of all/substantially all assets, or $>50\%$ voting power transfer.

9) Misc. & Human Consideration

- **Law/Venue:** Delaware law; arbitration in New York (to be finalized by counsel).
- **Effectiveness:** Upon execution of definitive agreements.
- **Human Consideration:** One (1) ceremonial hug upon execution (or mutually agreeable remote equivalent).