

# 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 Section 6.

## 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  $\geq$  20x 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).