SIDE LETTER - OPTIONAL CONVERSION RIGHT (NO DISCOUNT)

For use with the Bridge Promissory Note. Draft template.

Date: [_____]

Company: [Company legal name] (the 'Company')

Lender: [Lender name]

Related Note: Promissory Note dated [_____] in the original principal amount of $ [_____] (the 'Note').

1. Purpose

This side letter sets out an optional conversion right intended to align incentives. This is not a commitment by the Company to raise a financing and does not change the repayment obligation under the Note unless conversion is elected.

2. Optional Conversion

If the Company closes an equity financing in which it sells preferred stock or issues SAFEs or other equity-linked instruments for cash (a 'Qualified Financing'), then at any time prior to repayment in full, Lender may elect to convert the outstanding balance of the Note (principal plus accrued and unpaid interest) into the same instrument issued to new money investors in that Qualified Financing, on the same terms as new money, subject to the valuation cap below.

3. Valuation Cap; No Discount

The conversion will apply a valuation cap of $[_____] with no discount. If the Qualified Financing does not involve a SAFE or similar instrument, the conversion price is the price per share implied by the valuation cap and the Company's fully-diluted capitalization immediately prior to the Qualified Financing.

4. Mechanics

- Election: Lender provides written notice of conversion within thirty (30) days after receiving notice of the Qualified Financing.
- Documentation: Lender will sign the same form of instrument as new money investors (SAFE/stock purchase documents), with only necessary administrative changes.
- Partial conversion: permitted; any remaining balance continues under the Note.

5. No Other Changes

Except as expressly set forth herein, the Note remains unchanged and in full force and effect.

6. Governing Law

California.

Acknowledged and Agreed

COMPANY:	LENDER:
[Company legal name]	[Lender name]
By: _____	Signature: _____
Name: _____	Name: _____
Title: _____	Date: _____
Date: _____	