

Sample Internal Strategic VC Agenda #2

Meeting – 06/12/03

Participants: Highland Capital Partners
Stealth Networks, Inc.

Issues to be Discussed:

Introductory Remarks (5 min) – by CEO

I. - Control Issues (15 min) – by

Distribution of Seats on the Board (deal breaker)

As written (p.3): With a 3-2 split of seats on the board, the VC . . .

What we want: We want . . . Ideally, we will have . . .

What is acceptable: . . . is acceptable. We are open to suggestions from the VC of whom they would like to have on the board, but . . .

Their Rationale: The VCs want to . . . They feel . . . Additionally, they . . .

Our Rationale: We understand that they . . ., however, we feel that . . . Additionally, our conversations with our lawyers and knowledge of other term sheets has informed us that . . .

Naming of Board seats in the term sheet (significant concern)

As written (p.3):

What we want:

What is acceptable:

Their Rationale:

Our Rationale:

II. - Antidilution Provisions (15 min) –

Full-ratchet Vs Weighted Ave (deal breaker)

As written (p. 2):

What we want:

What is acceptable:

Their Rationale:

Our Rationale:

III. - Return on Investment (10 min) – by

Additional/Secondary Issues (to be discussed at a later time)

XXX (not deal breaker, but of some concern)

XXX (not deal killer)

Other secondary:

- Conversion – Clause of XX
- Voting Rights – Number of points we see unnecessary (XXX). Especially XXX
- Option Pools -(size & split) – dilution issue, what is VC going to do with it. How will we guarantee attractiveness to existing and new employees
- Employee contracts – XXX
- Affirmative Covenants – define more clearly the broad term and agree on them
- Expenses – Include a XXX.
- Creation of Committees – we would like XXX