

TERM SHEET

STARTUP, INC.

Convertible Promissory Note with Warrant Offering

May 15, 2006

This term sheet sets forth proposed terms for a convertible debt financing of Startup, Inc., a California corporation (the "Company"). This term sheet is for discussion purposes only and is non-binding on the parties hereto. Commitments relating to the financing described are subject to execution of definitive agreements including but not limited to a Loan Agreement and Warrant Agreement and otherwise as necessary. Until such definitive legal documentation has been executed, there will be no legal obligation with respect to the subject matter of this term sheet.

Type of Financing:

Convertible Promissory Notes (the "Notes"), with detachable warrants to purchase Common Stock of the Company as described below. (See "Warrants"). The Notes are convertible into preferred stock of the Company as described in the "Conversion" section below.

Investors:

Accredited investors as the Company may determine (collectively, the "Investors") and generally only those investors with no less than \$1,000,000 net worth exclusive of home equity value.

Loan Amount:

Investors as a group for the entirety of the subject Offering in the Convertible Promissory Notes shall loan the Company an aggregate amount of up to \$300,000 ("Loan Amount"). The Company may elect to increase the Loan Amount.

Closing:

The first closing of the Notes will be August 31, 2006 ("Closing Date"). The minimum offering amount is \$150,000 ("Minimum Offering") and the Company shall hold funds in escrow until the Minimum Offering amount is raised, provided that the Company reserves the right to close this offering with total funds less than the Minimum .

Interest Rate:

In lieu of interest, 5% monthly warrants will be offered to participants

Maturity:

Two years from the date of issuance of the Notes (the "Maturity Date").

Prepayment:

The Notes may be prepaid by the Company without penalty, in whole or in part, at any time, but only with the approval of the investors.

Conversion:

At the Company's sole discretion at any time no sooner than January 1, 2007 and no later than December 31, 2007, the Loan Amount (together with accrued but unpaid interest) due under the Notes will convert into the series of preferred stock sold by the Company hereon (the "Conversion Stock"). The Company intends to convert all Convertible Notes, either currently outstanding or outstanding under this offering.

Warrants:

Each Investor shall receive a warrant (collectively, the "Warrants") with a term of five (5) years (subject to earlier termination in connection with an acquisition of, or public offering by, the Company) to purchase a number of shares of Common Stock equal to 5% of the principal amount of their loan amount for each month that the loan is outstanding prior to conversion under the terms of this note. These warrants will accrue for a minimum of three months regardless of the conversion date. Each Warrant may be exercised at the price established for the Series A preferred offering.

Bonus Warrants:

Investors providing funds to the Company hereunder no later than the Closing date, shall be entitled to receive a warrant to purchase an additional 10% of common shares based on the principal amount of their loan in addition to what they would otherwise be entitled to receive.

Conversion Price:

The conversion price will be determined by the share price established for the Series A preferred stock.

Representation on the Company's Board of Directors:

Investors making their investment on August 31, 2006, shall collectively be entitled to name one member of the Company's Board of Directors, who shall serve at a minimum for so long as these Convertible Notes are outstanding.

Better Terms:

If "better terms" are offered to future investors participating in this bridge financing only, the same terms will be offered retroactively to existing investors in this financing.

Expenses:

The Company and each Investor is responsible for their/its own expenses.

Acknowledged and Agreed to by:

Startup, Inc. ("Company")

By:

Name: _____

Title: _____

Date: _____

INVESTOR

By:

Name: _____

Title: _____

Date: _____