DISCLAIMER: The following summary of terms and description of the sale of tokens by Blockstack Token LLC and its affiliates through various investment vehicles is preliminary and subject to revision. This summary is qualified in its entirety by reference to the offering materials for the investment vehicles described here. Those materials will be provided to potential investors by Blockstack Token LLC and its affiliates, including through the website at Blockstack.com and on our listings on CoinList.co. This is not an offer of any security or a solicitation of offers to buy any security. Potential investors should discuss any investment opportunities offered by Blockstack Token LLC and its affiliates with their financial advisers.
Role of Blockstack Tokens

Blockstack Token is a digital commodity currently in development by Blockstack Token LLC and its affiliates. The token is a utility token that is meant to have use only on the Blockstack network. An analogy would be an arcade token that works only inside an arcade to play video games and is “consumed” when you use it to play the video game. The Blockstack token, if and when it is successfully developed and deployed, will give token holders the ability to use the Blockstack network by registering digital assets like domains, user IDs and applications on the network.

Blockstack Token is “consumed”, i.e., destroyed on the network, for certain protocol operations like domain registrations, creating new namespaces etc. As a back-of-the-envelope calculation, if registering user accounts costs $5 USD (priced in Blockstack tokens) on the network and an app gets 10M users then ~$50M worth of Blockstack tokens need to be “consumed” for these registrations.

User accounts are just one type of digital asset. App registrations, software packages, software licenses etc are other potential use cases. In fact, the current Blockstack network uses Bitcoin as a token until the native Blockstack token can be successfully deployed. Approximately $425,000 worth of bitcoins (in today’s dollar value) have been destroyed to register ~74,000 domains on the Blockstack network.

Protocol operations that “consume” (destroy) Blockstack tokens reduce the supply of total available tokens but new tokens are also released into the system at a pre-defined rate (described on Page 5).
Blockstack Token LLC is creating the genesis block and giving token allocations. Tokens in the genesis block are “time locked” meaning that they only become useable and transferrable on the network after a certain time has passed. The genesis block has tokens for three categories and each category has 440M tokens.

<table>
<thead>
<tr>
<th>Genesis Block</th>
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<td>1,320M tokens</td>
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<table>
<thead>
<tr>
<th>Accredited Investors</th>
<th>Users</th>
<th>Creators</th>
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<tr>
<td>440M tokens</td>
<td>440M tokens</td>
<td>440M tokens</td>
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<tr>
<td>2-year lockup*</td>
<td>2-year lockup*</td>
<td>7-year lockup</td>
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* 100% of tokens are transferred to the purchaser’s address.
* The tokens automatically unlock monthly and become usable.

We discuss the three categories in more detail in next sections.
The total market supply increases as (a) tokens get unlocked and (b) as new tokens are released into the system. The graph below shows the pre-defined total market supply for the first five years.

Tokens for Creators, Accredited Sale, and User Sale are created in the genesis block but unlock over their respective periods. Tokens for Miners, App Rewards, and User Rewards (Web-of-trust mining) are created at a pre-defined rate in new blocks. Details for the three-pronged mining system are in the Blockstack Token Whitepaper.
The three categories of tokens released in the genesis block are discussed in more detail here. Below are some points to note:

- Anyone who wants to purchase more than $3,000 USD worth of tokens must be an accredited investor and participate in the accredited investor sale.

- The tokens for Creators have already been allocated in a previous offering to existing investors of Blockstack Public Benefit Corp, founders, and employees.

- Users, who’re not accredited investors, can get free “vouchers” for tokens up to $3,000 USD allocation. Restrictions on these vouchers are described on Page 10.

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### Accredited Investors

- **440M tokens**
  - Market demand (upcoming offering)

### Users

- **440M tokens**
  - Same price as accredited sale (future payment)

### Creators

- **440M tokens**
  - ~$0.07 price (Blockstack PBC stock + tokens)

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**Private Offering for Creators:** Existing investors and stockholders of the Blockstack Public Benefit Corp purchased tokens allocated for the “Creators” earlier in a separate offering. The stockholders and existing investors bought tokens distributed proportionally based on their pro rata stock ownership of Blockstack PBC. We had an independent asset valuation firm, which specializes in valuing intellectual property and software products, value the token as it exists today. That valuation was used to price the purchase agreements with stockholders. These purchases have already been recorded in the genesis block of the Blockstack token. This offering was for current tokens i.e., tokens as they exist today - without any software yet developed for them. The stockholders who purchased the tokens don’t have any protections to get any of their money back if the network never launches.

Investors in the Series A financing (Fall 2016) for Blockstack PBC invested in company stock that gave them a token allocation and they purchased their allocated tokens later on. They effectively paid ~$0.07 collectively for the stock plus token.
Main Sale: Fund Interests and SAFTs Offered to Accredited Investors & Qualified Purchasers

Outside of the offering for the “Creators” (i.e., the allocation for Blockstack PBC shareholders), there has been no other offering of the tokens yet. No party outside of Blockstack PBC shareholders own any current tokens or any investment instruments that might convert to future tokens. For all other parties, there will be two simultaneous offerings of two different ways to invest in the tokens, which together we are calling the “main sale.” There are no pre-sales and no discounts for this upcoming main sale. Below are the general terms of the tools Blockstack Token LLC has developed for investments in the tokens. These terms may not be the final terms of any investment in the tokens offered through the main sale, and potential purchasers should be sure to review the final offering documents for the investments offered. The offering documents will be available on Blockstack.com and CoinList.co.

In the main sale, we will divide potential investors into two buckets:

1. Accredited investors who are not qualified purchasers
2. Qualified purchasers

Both groups can contain US investors as well as overseas investors. We will do Know Your Customer (KYC) and Anti Money Laundering (AML) checks for accredited investors and qualified purchasers. Qualified purchasers are defined as individuals with at least $5M in investments or funds and other entities with at least $25M in investments. Accredited investors are defined as individual with $1M or more of net worth or $200K or more of income for the last 2 years.
Qualified purchasers, both US and overseas, will invest in a new Delaware fund ("Fund") that invests in Blockstack tokens. Tokens will be delivered to Fund interest holders when and if the network goes live, under terms that are described in more detail in the term sheet linked below.

Accredited investors that are not qualified purchasers will invest either through another Fund similar to that available to qualified purchasers or through a Simple Agreement for Future Tokens ("SAFT"). Certain key terms may differ for the Funds and the SAFT. It is anticipated that accredited investors will initially be allocated interests in this second Fund, with any remaining accredited investors directed to invest in a SAFT, although investors will have the ability to indicate their preference.

Term Sheet & Risk Factors
A set of documents outlining the terms of the Blockstack token sale, as well as background on the risks associated with the Blockstack tokens

Available on https://blockstack.com
We are introducing milestone-based triggers for when the cash raised by investment in the Funds can be used for operations. This serves as a form of checks and balances for protocol core developers by incentivizing them to develop the tokens and the network. It is anticipated that the two milestones for the Blockstack token will be as follows:

1. The Blockstack token gets fully developed and successfully deployed on the network before Jan 30th, 2019. Token LLC will only use a maximum 20% of the initial Fund investment amount, as of close of the main sale, as operational capital until Milestone 1 is reached. If Milestone 1 is not reached, then the remaining Fund value will be liquidated on a pro rata basis.

2. The Blockstack network has at least 1 million verified users by Jan 30th, 2020, where “verified” means a user that passes a certain criteria (details on the criteria will be released later). Token LLC will only use a maximum 60% of the initial Fund investment amount, as of close of the main sale, as operational capital until Milestone 2 is reached. If Milestone 2 is not reached, then the remaining Fund value will be liquidated on a pro rata basis.

- 20% funds are released immediately
- 40% funds are released upon network launch (1st Milestone)
- 40% funds are released after 1M verified users (2nd Milestone)
User Sale: Vouchers for Other Users

Other users, who’re not accredited investors or qualified purchasers, will get a free “voucher” to purchase up to $3,000 worth of tokens in the future at the same price as the tokens offered in the main sale and can bring back the voucher to Blockstack Token LLC to purchase the tokens and make the payment at a later date, which will be specified by Blockstack Token LLC later. Users can get a voucher for free. The voucher is not a promise or guarantee, and Token LLC has the right not to honor it. Users will go through KYC checks just like the accredited investors. If for some reason a voucher is not honored, the user will not pay anything. These users, however, cannot purchase the tokens, under securities regulations, until the tokens are clearly not a security. Blockstack Token LLC will only honor the vouchers when the Token LLC and its legal counsel feels comfortable that the tokens are clearly not a security. This will likely happen some time after network launch but may never happen. Token LLC has the right not to honor the vouchers even if the tokens are clearly not a security.

Sale Registration
(for non-accredited individuals and entities)

As a non-accredited individual, you’ll need to download the Blockstack browser, verify your Blockstack ID, and register by signing in with Blockstack.

Available on https://blockstack.com/sale-registration
Token Economics

Further Breakdown of Creator Allocation & User Sale

A certain allocation of the initial tokens is reserved for the protocol creators & early maintainers:

- 75% to Blockstack PBC shareholders, vested over the first 3 years
- 25% to the Blockstack PBC treasury, vested over the 4 years to follow

In year 1, 25% of the Blockstack PBC reward, or 33% of the shareholder reward will vest. The same will be true for years 2 and 3. In years 4 through 7, 6.25% of the Blockstack PBC reward, or 25% of the treasury reward will vest.

Blockstack PBC can use the treasury at its sole discretion including but not limited to distribution to shareholders at a later date, selling at a later date, giving to employees, handing it out to developers and maintainers of the core Blockstack software that don’t work for Blockstack PBC.

Further Breakdown of User Sale

Out of the 440M Tokens reserved for the user vouchers, 2% - 20% are reserved for a later giveaway and 80% - 98% are for the sale. Details for the giveaway will be provided later.
Token Economics

Mining

Mining releases new tokens into the system at a pre-defined rate. There are 220M tokens reserved for Web-of-Trust Mining. Ongoing mining tokens released in the first year will be 440M. 8000 tokens will be released per new block in the first year. The block reward will drop by 500 every year until it hits 2000. 25% of the mining reward will be given to apps, distributed proportionally based on the app reward points for each app.

Total number of coins after 10 years will be 4,702,500,000.

Inflation Rate

The inflation rate for releasing new tokens drops to ~2% by year 13 and then stays constant there. See the Blockstack Token Whitepaper for details.
The sale price for tokens bought through the Funds and the SAFTs during the main sale will be determined after the registration period and taking into account market demand. Below are some example numbers of how potential pricing will affect the size of the main sale. These are just examples and the actual price may be lower or higher than these examples:

1. At $0.10, the main sale size will be $44M (accredited sale) plus the proceeds of the user sale if and when the voucher purchases close.
2. At $0.20, the main sale size will be $88M (accredited sale) plus the proceeds of the user sale if and when the voucher purchases close.

The price can be anywhere from $0.10 to $0.20 depending on demand and potential purchasers should not view the examples above as a promise or guarantee. The final price will be announced by Blockstack Token LLC on Nov 16th, 2017, and Token LLC reserves the right to announce a price outside of the $0.10-$0.20 range at its sole discretion. Investors in the Series A financing (Fall 2016) for Blockstack PBC invested in company stock that gave them a token allocation and they purchased their allocated tokens later on. They effectively paid ~$0.07 collectively for the stock plus token.

Market cap with a hypothetical future price of $0.20 at year-1 and year-4. Investors should not base investment decisions on this figure which is not a promise or guarantee.
The following graph shows the price per basis point for the Blockstack token.

This graph compares what it would cost in order to buy 1 one-hundredth of a percent of all tokens minted in the first 10 years.

The Zcash price of $250 is a snapshot of the price as of Nov 9th, 2017. The "Filecoin (first hour)" price of $2.25 factors in a 15% discount off of $2.65 (the price during the first hour of the sale) as a result of the 2-year unlocking option. The "Filecoin (advisor sale)" price of $0.64 factors in a 15% discount off of $0.75 as a result of the 2-year unlocking option. The Tezos price of $0.39 is the effective price paid on the first day of the main sale, taking into account the 20% bonus and an average Bitcoin price of $2350 on July 1st.

The data here are based on prices for the tokens at particular points in time and may not reflect their current pricing, which may be higher or lower than what is shown here. There is no guarantee that the relative pricing shown will be in existence at any particular time, or that the Blockstack Tokens will be purchased at a price that is more advantageous for a particular buyer at any particular point in time.

No graph, chart, or formula can in and of itself determine which securities or other
The process for participating in the accredited sale is described below:

**Step 1:** Make your account on [CoinList.co](http://CoinList.co) and verify your accreditation status. The accreditation check can take 24 hours or more.

**Step 2:** Fund your USD account or show proof of Bitcoin or Ethereum funds for your allocation request before **Wednesday November 15th, 2017 3pm ET**.

*NOTE:* Bank transfers, especially international transfer, can take up to 5 days. If you are using the USD payment method and your CoinList account is not funded by Wednesday November 15th, 2017 you will not get any guaranteed allocation in the token sale.

**Step 3:** Submit your allocation request for up to $3M USD maximum allocation. The request only gets you optionality in the sale and you can withdraw any unused funds.

The sale opens at **11am ET Thursday, November 16th, 2017**. Before this time, we will notify you about (a) the final sale price, and (b) your guaranteed allocation at that price.

**Step 4:** Finish your purchase for your allocation within the **first six hours** of the sale opening at **11am ET Thursday, November 16th, 2017**.

After the first six hours there will be no guarantee that you will be able to get your preferred allocation.

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**Sale Opens for Everyone**

**Sale Closes on Friday December 1st, 2017**
In the user sale, unaccredited users can get **vouchers for up to a maximum of $3,000** future purchase of tokens. User can get these vouchers for free. The voucher is non-binding and Blockstack Token LLC may not honor a voucher for any reason.

The process for participating in the user sale is described below:

**Step 1:** Go to [https://blockstack.com/sale-registration](https://blockstack.com/sale-registration) to download the Blockstack Browser and follow instructions to verify your account with social verifications.

**Step 2:** Make sure that you receive an email confirming your voucher registration.

**Step 3:** If you opted for a government ID check instead of following the instructions for social verifications, we will contact you by email before Friday December 1st, 2017.

NOTE: Blockstack Token LLC may ask for government IDs for certain voucher registrations for additional verification.

**Vouchers Emailed Out on December, 1st, 2017**