

**TERM SHEET
FOR MACH37 PARTICIPATION AND FINANCING OF
[COMPANY NAME]**

[Date], 2017

This Term Sheet summarizes the principal terms of the proposed participation of [Company Name] (the “**Company**”) in the Cyber Accelerator Program offered by MACH37 LLC (“**MACH37**”), a wholly-owned subsidiary of the Center for Innovative Technology. This Term Sheet is an expression of interest only and no legally binding obligations on the parties will be created until definitive agreements are executed and delivered by all parties. This Term Sheet is not a commitment to participate and invest, and is conditioned on the completion of due diligence, legal review and documentation that is satisfactory to MACH37. This Term Sheet shall be governed in all respects by the laws of the Commonwealth of Virginia.

<i>Participation Commencement Date:</i>	Anticipated participation commencement date is September 11, 2017.
<i>Closing Date:</i>	Anticipated closing date is TBD .
<i>Investor:</i>	Center for Innovative Technology
<i>Program Participation:</i>	MACH37 Cyber Accelerator
<i>Security:</i>	Following execution of the Common Stock Purchase Agreement contemplated by this term sheet, the Center for Innovative Technology (CIT) will hold 4% of the issued equity and equity reserved for issuance under an approved option plan. The Company will form a 10% option pool prior to execution of the Common Stock Purchase Agreement.
<i>Investment Amount:</i>	Cash Investment of \$50,000 disbursed in two tranches of \$25,000 each. Disbursement of the second tranche will be made no earlier than seven weeks following Participation Commencement Date and shall be contingent upon CEO’s full participation in the MACH37 Cyber Accelerator Program. Failure by Company to meet criteria of second tranche disbursement will not dilute the Center for Innovative Technology's 4% ownership interest.
<i>Price Per Share:</i>	Price per share to be determined following incorporation based on the capitalization of the Company set forth below (the “ Original Purchase Price ”).

Pre-Money Valuation: The Original Purchase Price is based upon a fully-diluted pre-money valuation of \$1,200,000 and a fully diluted post-money valuation of \$1,250,000.

Dividends: Dividends will be paid on the Common Stock when, and if, declared by the Board of Directors.

Board of Directors: One representative from the Center for Innovative Technology or MACH37 will have an observer role on the Company's Board of Directors. If no external Board of Directors has been formed, one representative from the Center for Innovative Technology or MACH37 will serve on the Company's Advisory Board until such time as an external Board of Directors is formed. This representative will serve in either capacity until the Company has raised a minimum of \$3M in external financing and the Company's Board of Directors includes at least one member who participated in the external financing ("Qualified Equity Financing").

Employee Option Pool: Prior to closing, Company must allocate 10% of ownership structure, on a fully diluted basis, to establish an employee option pool under an approved option plan.

Company Organization: The Company shall be a C-Corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

Virginia Commitment: Within 24 months, Company must establish and maintain a significant presence in the Commonwealth of Virginia. If the Company fails to do this, it shall repay the cash portion of the Investment Amount without interest or additional compensation or redemption of stock.

Limitation on Outside Funding: For a three-year period following the effective date of the Common Stock Purchase Agreement contemplated by this term sheet, the Company shall not accept any direct or indirect funding from a publicly-funded economic development or company attraction entity requiring temporary or permanent relocation of the Company's headquarters or any member of the Company's senior management team outside of the Commonwealth of Virginia. In the event the Company fails to comply with this limitation, the Company shall be required to pay MACH37 a penalty equal to three times (3x) the Center for Innovative Technology's investment. For the avoidance of doubt, in addition to being due the penalty amount, the Center for Innovative Technology shall retain any shares of Common Stock.

<i>Equity Management Platform:</i>	The Company will issue equity, options, warrants, and convertible notes to all investors and shareholders through eShares (https://esharesinc.com/).
<i>Representations and Warranties:</i>	The Common Stock Purchase Agreement will contain standard representations, warranties, indemnities and conditions, including satisfactory documentation reflecting the ownership by or transfer of all intellectual property to the Company.
<i>Confidentiality and Invention Assignments of Founders and Employees:</i>	Each Founder and all other employees of the Company have executed a Confidential Information and Invention Assignment Agreement in substantially the form reviewed and approved by the Investor.
<i>Information and Inspection Rights:</i>	Investor will be granted access to Company facilities and personnel during normal business hours and with reasonable advance notification. The Company will deliver to Investor (i) annual, quarterly, and monthly financial statements in form reasonably acceptable to Investor; and (ii) thirty days prior to the end of each fiscal year, a comprehensive operating budget forecasting the Company's revenues, expenses, and cash position on a month-to-month basis for the upcoming fiscal year.
<i>Quarterly and Annual Reporting:</i>	For a three-year period following the closing date of the Center for Innovative Technology's investment in the Company, the Company will provide CIT with a quarterly update on financials and operations in the format provided in Exhibit A, attached. In addition, Company agrees to provide CIT annually-updated 5-year revenue projections and job forecasts in each of the 5 calendar years following the closure of investment contemplated by this term sheet.
<i>Approval Rights:</i>	Prior to a Qualified Equity Financing Investor will be granted approval rights for certain Company transactions, including: (i) changes of control; (ii) adoption of equity incentive plans; (iii) creation of subsidiaries, (iv) purchase of securities from another entity; (v) and waiving of provisions of any agreements between the Founders and the Company.
<i>Participation Rights:</i>	Investor shall have a pro rata right to participate in subsequent issuances of equity securities of the Company. This right shall be assignable by Investor with notice to the Company.
<i>Exchange Rights:</i>	In the event the Company shall hereafter raise funds through the offering of any preferred stock (including through the issuance of

convertible promissory notes) Investor shall have the right to convert the Shares into such preferred stock at an exchange ratio of 1 Share for each 1 share of preferred stock, to include any discount offered to purchasers of such preferred stock, if one exists.

Counsel and Expenses:

Each party will bear its own legal fees and expenses. Additionally, Company shall bear any legal fees and expenses, in excess of \$2500, borne by Investor in the closure of this transaction. In the event that Investor's legal expenses will exceed \$2500, Investor will notify Company with an estimate of anticipated legal expenses before proceeding further with the transaction.

Expiration:

This Term Sheet expires on the first business day 5 days from the date hereof if not accepted by the Company by that date.

Each of the parties has caused this Term Sheet to be executed by their duly authorized representatives as of the date set forth below.

MACH37, LLC

[COMPANY NAME]

By: _____

Name: Thomas P. Weithman

Title: President of MACH37 and Chief Investment Officer, Center for Innovative Technology

Date: [DATE], 2017

By: _____

Name: _____

Title: _____

Date: [Date], 2017

EXHIBIT A QUARTERLY REPORT

Company Name:
Contact:
Address:
Phone:
Fax:
Email:
Website:
Industry:
Co-investors:
CIT Monitor:

BUSINESS AND MARKET DESCRIPTION

GAP Tech FUND INVESTMENT DETAILS

Origin Date:
Maturity Date:
Instrument:
Investment Amount:
Use of Proceeds:
Ownership at Investment:
Current Ownership:
Estimated Current Value:
Notes

COMPANY FINANCING HISTORY

Round	Date	Amount	Shares	Price/Share	Pre-Money Valuation	Post-Money Valuation
Founding Stock						
CIT Round						
Seed Round 2						

Notes

COMPANY PERFORMANCE

Recent Events

Next Quarter Priorities

FINANCIALS

Plan Annual Revenue (Projected at Beginning of Calendar Year):	
Revised Annual Revenue (Projected at End of Most Recent Quarter):	
Actual Revenue (End of Most Recent Quarter YTD):	
Average Monthly Expenditures:	
Cash Balance (End of Most Recent Quarter):	