

[COMPANY NAME]

**SUMMARY OF PROPOSED TERMS FOR
CONVERTIBLE PROMISSORY NOTE FINANCING**

The following is a summary of the basic terms and conditions of a proposed convertible promissory note financing of [REDACTED], a [REDACTED] [REDACTED] (the “*Company*”). This term sheet is for discussion purposes only and is not binding on Company or The Abell Foundation, Inc., a Maryland nonstock corporation (the “*Abell Foundation*”).

Financing Amount: Up to \$25,000 in principal amount of convertible promissory note (the “*Note*”).

Disbursements: The Abell Foundation will disburse the principal amount in two equal installments. The first installment will be disbursed at the initial closing (the “*Issue Date*”) and the second installment (the “*Final Disbursement*”) will be disbursed upon the Company’s successful participation in the Accelerate Baltimore program (the “*Program*”) for a period of six weeks. All determinations relating to successful participation in the Program shall be made by the Abell Foundation in its sole and absolute discretion. The date of the Final Disbursement shall be the “*Final Disbursement Date*”.

Maturity Date: Principal and unpaid accrued interest on the Notes will be due and payable on either (a) the first anniversary of the Final Disbursement Date, or (b) in the event that the Abell Foundation elects not to make the Final Disbursement, sixty (60) days from the Issue Date (the “*Due Date*”).

Interest: Simple interest will accrue on an annual basis at the rate of six percent (6%) per annum based on a 365 day year.

Conversion to Equity: Automatic Conversion in a Qualified Financing. the event that the Company issues and sells shares of its equity securities to a person, business entity, or group of persons or business entities acting in concert (the “*Qualified Financing Investors*”) on or before the date of the repayment in full of the Note in an equity financing in which the pre-money valuation of the Company is at least \$1,000,000 and that results in gross proceeds to the Company of at least \$500,000 (a “*Qualified Financing*”), then the Note (including all accrued but unpaid interest thereon) shall automatically convert into such equity securities at a conversion price equal to 80% of the lowest per share price paid by the Qualified Financing Investors, and otherwise on the same

terms and conditions as given to the Qualified Financing Investors.

Optional Conversion in an Unqualified Financing. In the event that the Company issues and sells equity securities to a person, business entity, or group of persons or business entities acting in concert (the “*Unqualified Financing Investors*”) on or before the date of the repayment in full of the Note in any equity financing that is not a Qualified Financing (an “*Unqualified Financing*”), then the Abell Foundation may, at its option, convert the Note (including all accrued but unpaid interest thereon) into such equity securities at a conversion price equal to 80% of the lowest per share price paid by the Unqualified Financing Investors, and otherwise on the same terms and conditions as given to the Unqualified Financing Investors.

Optional Conversion Upon Sale of the Company. In the event that the Company consummates a sale of the Company prior to the conversion or repayment in full of the Note, the Abell Foundation may, at its option, convert all, but not less than all, of the outstanding principal balance and any unpaid accrued interest of the Note into the common stock of the Company at a conversion price equal to the quotient of \$500,000 divided by the aggregate number of outstanding shares of common stock (assuming full conversion or exercise of all convertible and exercisable securities then outstanding other than the Note).

Optional Conversion at the Maturity Date. If the Notes have not been previously converted, then, effective upon the Due Date, the Abell Foundation may elect to convert all, but not less than all, of the outstanding principal balance and any unpaid accrued interest of the Note into the common stock of the Company at a conversion price equal to the quotient of \$500,000 divided by the aggregate number of outstanding shares of common stock (assuming full conversion or exercise of all convertible and exercisable securities then outstanding other than the Note).

Pre-Payment:

The principal and accrued interest may not be prepaid unless approved in writing by the Abell Foundation.

Board Observer and Information Rights:

For so long as the Note remains outstanding, the Abell Foundation shall be entitled to have one representative (the “*Observer*”) attend each meeting of the Board of Directors of the Company (or any similar governing body) and any

committee thereof, and to participate in all discussions during each such meeting. The Company shall provide such Observer with copies of all materials (written or electronic) provided to the members of the board or committee participating in such meeting at the time such materials are generally made available to the members thereof.

Participation of a Qualified Financing:

If, prior to the Due Date, the Company consummates a Qualified Financing, the Abell Foundation will be entitled to participate in such Qualified Financing by purchasing equity securities for additional cash on the terms and conditions specified in such Qualified Financing documents up to an amount that, when taken together with the equity securities issuable to the Abell Foundation in such Qualified Financing upon conversion of this Note, results in the Abell Foundation maintaining its fully-diluted percentage of ownership of the Company reflected by the Note as of the time immediately prior to consummation of such Qualified Financing, assuming the conversion of this Note.

Payment to ETC in Connection with a Sale of the Company:

In the event that the Company consummates a sale of the Company, at any time, that reflects an enterprise value of at least \$1,000,000, then the Company shall pay The Emerging Technology Centers, Inc., an amount equal to \$25,000