

## **TERM SHEET FOR FINANCING OF COMPANY, LLC,**

### **DATE**

This Term Sheet summarizes the principal terms of the offering by COMPANY, LLC, a Delaware limited liability company, (the "Company") of up to 250 Units of its Common Units (as defined in the Limited Liability Company Agreement dated \_\_\_\_\_, 2013 [the "Operating Agreement"]).

Concurrent with or prior to the issuance of any Common Units pursuant to this offering, the Company shall acquire all of the issued and outstanding membership interest in Company, LLC, a New York limited liability company, (d/b/a Company) (the "NY LLC"). The NY LLC is expected to be the operating company whereas the Company shall be a holding company operating the "COMPANY" business through the NY LLC.

### **Amount to be Raised:**

Up to \$500,000 (the "Total Offering Amount").

### **Type of Security:**

Common Units as described in greater detail in the Operating Agreement of the Company, a copy of which has been provided to each subscriber.

### **Price and Minimum Subscription:**

\$2,000 per Common Unit, with a minimum subscription of 12.5 Units (\$25,000 minimum subscription).

### **Capitalization:**

The Company's capital structure before this offering, and the capital structure assuming the Total Offering Amount is issued, is set forth on Exhibit A.

### **Use of Proceeds:**

The proceeds from the offering will be used for (i) inventory, (ii) general working capital purposes, (iii) sales, general and administrative expenses, and (iv) achieving its sales goals

### **Voting Rights:**

The holders Common Units will be entitled to that number of votes equal to the number of Common Units held and voting together with all other Common Units of the company. The Company's Operating Agreement will provide that the number of authorized Common Units may be increased or decreased with the approval of the holders of two-thirds of the Common Units.

### **Anti-dilution Provisions:**

See Section 3.10 of the Operating Agreement.

**Liquidation Preferences:**

See Section 10.3 of the Operating Agreement.

**Subscription Agreement:**

The sale of Common Units as described above will be made pursuant to a subscription agreement mutually acceptable to the Company and each Investor, which agreement will contain, among other things, appropriate representations and warranties of the Company and each Investor and appropriate conditions to closing which will include, among other things, qualification of the securities to be sold under applicable Blue Sky laws.

**Acceptance of Operating Agreement:**

Concurrent with the issuance of the Common Units each Investor shall agree to be bound by the terms of the Operating Agreement.

**Drag-along Right**

See Section 7.2 of the Operating Agreement.

**Transfer Restrictions**

See Article 7 of the Operating Agreement

**Counsel and Expenses:**

Company counsel to draft closing documents. Each party to be responsible for their own expenses.

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## EXHIBIT A

<b><u>Pre-Financing</u></b>					
<b>Member</b>		<b>Number of Units</b>	<b>Type of Units</b>	<b>% of Total</b>	<b>% of Class</b>
Member #1		373.1	Common Units	37.31%	38.46%
Member #2		373.1	Common Units	37.31%	38.46%
Member #3		223.8	Common Units	22.38%	23.07%
Member #4		30	Common Non-Voting Units	3.00%	100.00%
<b><u>Post-Financing</u></b>					
<b>Member</b>		<b>Number of Units</b>	<b>Type of Units</b>	<b>% of Total</b>	<b>% of Class</b>
Member #1		373.1	Common Units	29.85%	30.58%
Member #2		373.1	Common Units	29.85%	30.58%
Member #3		223.8	Common Units	17.90%	18.34%
Member #4		30	Common Non-Voting Units	2.40%	100.00%
Additional Investors (In Total)		250	Common Units	20.00%	20.49%