

TERM SHEET FOR REDEEMABLE EQUITY FINANCING OF COMPANY

_____, 20__

This Term Sheet summarizes the principal terms of a Series Seed Preferred Stock financing of Company, a State & Type (the “Company”). The Confidentiality provisions of this Term Sheet shall be binding obligations of the Company and Investors whether or not the financing is consummated. No other legally binding obligations will be created until definitive agreements are executed and delivered by all parties. This Term Sheet is not a commitment to invest, and is conditioned on the completion of due diligence, legal review and documentation that is satisfactory to the Investors. This Term Sheet shall be governed in all respects by the laws of the State of Delaware.

Offering Terms

<i>Type of Security:</i>	Redeemable Series Seed Preferred Stock
<i>Closing Date:</i>	As soon as practicable and as mutually agreed to by the Company and the Investors, with the initial closing (the “Closing”) targeted for on or before _____, 20__.
<i>Investors:</i>	Accredited Investors approved the Company.
<i>Amount Raised:</i>	Up to \$_____ in aggregate new capital. Additional closings may occur for up to [X] days following the initial Closing.
<i>Price Per Share:</i>	Based on the pre-money valuation of the Company set forth below (such price per share, the “Original Purchase Price”).
<i>Pre-Money Valuation:</i>	The Original Purchase Price is based upon a fully diluted pre-money valuation of \$X million.
<i>Use of Proceeds:</i>	The proceeds of the Closing will be used for working capital, marketing, equipment, and general business purposes.
<i>Redemption:</i>	The Company shall redeem up to X percent (X.0%) of the shares at [Xx] the “Original Purchase Price” based on the payment schedule set forth below.
<i>Payment:</i>	X percent (X.0%) of the aggregate VARIABLE for the prior quarter; provided that such amount may not be lower than one percent (X.0%) of the Purchase Amount.

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Liquidation Preference: In the event of any liquidation, dissolution or winding up of the Company, the proceeds shall be paid as follows:

First, to the Redeemable Series Seed Preferred Stock. Second, the balance of any proceeds shall be distributed pro rata to holders of Common Stock.

Voting Rights: Shall vote together with the Common Stock

Information Rights: Any Major Investor (as defined below) will be granted access to Company facilities and personnel during normal business hours and with reasonable advance notification. The Company will deliver to such Major Investor annual, quarterly, and monthly financial statements, and other information as determined by the Board. A “**Major Investor**” means any Investor who purchases at least \$100,000 of Series Redeemable Preferred.

Confidentiality: The Company agrees to work in good faith expeditiously towards a closing. The Company and the Investors will not disclose the terms of this Term Sheet to any person other than their respective officers, members of the Board of Directors and accountants and attorneys. The Company may also disclose this Term Sheet to other potential Investors. Notwithstanding anything herein to the contrary, any party (and any employee, representative, or other agent of any party) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this Term Sheet and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure.

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