**PIARCS’ Terms of the offering**

Patricia Rogers at Moye White wrote the Material Terms of Offering as well as the Subscription Agreement. Revisions as of September 25th 2014 will feature the following modifications, which will be final once negotiated with the investors.

September 23rd, 2014

**Re: Proposed Equity Issuance of PIARCS, PBC**

The following provides an overview of a proposed equity sale (the “Transaction”) between PIARCS, PBC, a Delaware public benefit corporation, (“Issuer”) and certain investors to be determined (each an “Investor” and collectively, the “Investors” and, together with the Issuer, each a “Party” and collectively the “Parties”). This summary does not constitute an offer of securities and any transactions contemplated by this summary are subject to the execution of definitive agreements with respect to the Transaction, compliance with all applicable federal and state securities laws and regulations and compliance with the other terms and conditions of the Transaction provided in this summary or in the definitive agreements for the Transaction.

**Issuer** PIARCS, PBC, a Delaware public benefit corporation

**Transaction** Issuance and sale of up to 20,000 shares of Issuer’s existing Series A Preferred Stock (the “Shares”), $0.001 par value, at a price per share equal to $25.00, for an aggregate purchase price of $500,000.

**Purpose** To fund working capital needs of the Issuer.

**Subscription**

**Agreement** Investors will each enter into a subscription agreement with Issuer in a in the form attached hereto as Exhibit B (the “Subscription Agreement”).

**Shareholders**

**Agreement** Each Investor will execute a Joinder to the Issuer’s Shareholders Agreement, a copy of which is attached hereto as Exhibit C.

**Closing Date** On or before October 31st, 2014, with one or more subsequent closings on identical terms and conditions within sixty (60) days of the initial closing.

**Material Terms** Certain material terms applicable to the Series A Preferred Stock are listed on Exhibit A hereto. Investors are encouraged to review the Subscription Agreement, Shareholders Agreement, and the Issuer’s Certificate of Incorporation, a copy of which is attached hereto as Exhibit D, with their respective accountants, legal counsel and investment advisors prior to making any investments in Issuer.

EXHIBIT A

Summary of Material Terms Applicable to Series A Preferred Stock

The following is not meant to be comprehensive, and Investors are encouraged to review the Issuer’s Certificate of Incorporation, Subscription Agreement and Shareholders Agreement thoroughly before making any investment in the Issuer.

|  |  |
| --- | --- |
| **Topic** | **Summary of Terms** |
| Minimum Investment | The minimum investment in this Transaction is $25,000.00 (1,000 shares of Series A Preferred Stock (“Preferred Stock”)) |
| Dividends | Preferred Stock will accrue dividends as set forth in the Issuer’s Certificate of Incorporation (“COI”), which will be payable as set forth in the COI. |
| Voting Rights | Holders of Preferred Stock are entitled to one vote per share of Preferred Stock, voting together with the holders of the Issuer’s common stock, $0.001 par value (the “Common Stock”) on all matters that come before the shareholders. |
| Board of Directors | The Issuer’s Board of Directors is currently set at one (1) director, and Alexandra Holland, the Issuer’s Chief Executive Officer, is currently the sole director. The Issuer currently has no plans to increase the size of the Board of Directors, although the size of the Board of Directors may be increased at any time upon requisite vote of the shareholders. |
| Majority Shareholder | Alexandra Holland is the current sole shareholder of the Issuer, holding 80,000 shares of Common Stock and will continue to own a majority of the Issuer’s shares of capital stock following the closing of the Transaction. |
| Transferability | There is no public market for the Common Stock or Preferred Stock, and the shares are subject to restrictions on transfer as set forth in the Shareholders Agreement. |
| Right of First Refusal | Potential sales of Common Stock and Preferred Stock are subject to a right of first refusal in favor of the Issuer and the other shareholders, as set forth in the Shareholders Agreement. |
| Mandatory Sale | If the holders of a majority of the outstanding shares of Common Stock and Preferred Stock approve certain change of control transactions with an independent third party, all other shareholders are required to consent to vote all of their shares of voting securities in favor of such transaction (including waiving appraisal or other rights they may have), as more fully set forth in the Shareholders Agreement. |
| Entity Conversion | The Issuer may, for tax purposes, elect to the convert the Issuer from its current corporate form into a limited liability company, upon the terms set forth in the Shareholders Agreement. By executing the Shareholders Agreement, Investors agree to such a conversion. |
| Non-Solicitation | The Shareholders Agreement contains a covenant, applicable to all shareholders, not to solicit customers or employees of the Issuer, among other parties, so long as such shareholder is a shareholder of the Issuer, and for a period of one (1) year thereafter. |
| Confidentiality | All shareholders are required to maintain the confidentiality of the Company’s Proprietary Information (as defined in the Shareholders Agreement), so long as they are a shareholder of the Issuer and for a period of five (5) years thereafter. |
| Issuances of Additional Stock | The Issuer’s Board of Directors may, at any time, authorize additional issuances of its capital stock with rights and preferences that are senior to the Common Stock and Preferred Stock. No shareholder has any preemptive or anti-dilution rights with respect to such issuances. |

**Seed-stage valuation**



Where “Preferred Stocks” are “Series A Preferred Stocks”

**Dividend structure**

Please refer to the Section 3A of the business plan.