

# CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

Company Logo

CompanyName

(a YourState Limited Liability Company)

**US\$3,000,000 Class 'A' Preferred Membership Units  
Representing 30% of the Membership Interest in CompanyName or 100 Units  
Each Unit consists of a .25% Membership Interest in CompanyName**

This is a private offering of Preferred Membership Units of CompanyName, a YourState limited liability company (the "Company"). The Company is offering to a limited number of accredited investors Preferred Membership Units ("Units") in a private offering exempt from registration under federal securities laws upon the terms and conditions set forth in this memorandum ("Memorandum"). The minimum investment in the Units is \$30,000, although the Company may accept an investment of a lesser amount. The Company will use all of the proceeds of this offering to develop, manufacture, and distribute its consumer brand product CompanyName®. In certain contexts in this Memorandum, "CompanyName" also refers in general terms to the business of owning the consumer brand, product and other assets relating to the business as currently and historically operated under the CompanyName® name.

The Company's Preferred Membership Units in CompanyName will be entitled to periodic distributions based on a percentage of excess cash flow as determined by the Board of Managers. In the event of a qualified public offering by The Company's Preferred Membership Units will be exchanged for shares of the issuer's common stock. The Company's Preferred Membership Units will be evidenced by the issuance of membership Units in CompanyName, which are referred to as "the Company's Class 'A' Preferred Membership Interest Units" throughout this Memorandum.

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**AN INVESTMENT IN THE UNITS IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH ANY PURCHASE OF THE UNITS. THERE IS NO PUBLIC MARKET FOR ANY OF THE COMPANY'S SECURITIES AND NO SUCH MARKET IS EXPECTED TO DEVELOP FOLLOWING THE PLACEMENT OF THE UNITS. SIGNIFICANT RESTRICTIONS ON TRANSFER WILL APPLY. YOU SHOULD BE PREPARED TO BEAR THE ECONOMIC RISK OF YOUR INVESTMENT FOR AN INDEFINITE PERIOD OF TIME AND BE ABLE TO WITHSTAND A TOTAL LOSS OF YOUR INVESTMENT.**

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**NEITHER THE UNITS NOR THE OFFERING OF THE UNITS HAS BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR UNDER ANY STATE OR OTHER SECURITIES LAW, AND NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE OR OTHER REGULATORY AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM OR APPROVED OR ENDORSED THE TERMS OR MERITS OF THE UNITS OR THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

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The Company will act as the placement agent in connection with the offering of the Units. Please direct all inquiries regarding the Company and the offering of the Units to:

CompanyName

Attn: ContactName

CompanyAddress, CityStateZip

tel CompanyPhone | email CompanyEmail

November 2008

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## NOTICE TO PROSPECTIVE INVESTORS

This Memorandum is being furnished solely for the purpose of enabling prospective investors to determine whether they wish to proceed with further investigation of the Company and making an investment in the Units. This Memorandum is not intended to form the basis of any investment decision and does not attempt to present all the information that prospective investors may require for purposes of making an investment decision. The Company anticipates providing prospective investors with the opportunity to ask questions, receive answers, obtain additional information and complete their own due diligence review concerning the Company and the offering of the Units prior to entering into any agreement to purchase Units.

By accepting delivery of this Memorandum, you agree to undertake and rely on your own independent investigation and analysis and consult with your own attorneys, accountants and other professional advisors regarding the Company and the merits and risks of an investment in the Units, including all related legal, investment, tax and other matters.

All information included in this Memorandum and otherwise furnished in connection with this offering is submitted to you on a strictly and permanently confidential basis, except as indicated below or otherwise expressly agreed in writing by the Company. Any reproduction or further distribution of this Memorandum or any such information is prohibited. By accepting delivery of this Memorandum, you agree that neither you nor any of your employees, agents or advisors will use this Memorandum or any such information for any purpose other than evaluating the Company and the offering of the Units. Except as indicated below or otherwise expressly agreed by the Company, you also agree not to disclose to any person the fact that you have received this Memorandum or any such information or any terms, conditions or other information with respect to the Company. If you decide not to participate in this offering, or if the Company so requests, you agree to promptly return this Memorandum and all other materials received in connection therewith without retaining any copies thereof.

Neither the Company nor any of their respective affiliates shall have any liability for any information included in this Memorandum or otherwise made available in connection with this offering, except for liabilities expressly assumed by the Company in the definitive subscription agreement, the form of which is attached as *Exhibit B* to this Memorandum, and related documentation for each purchase of Units. Without limitation of the foregoing, the Company makes no representation or warranty as to the accuracy or completeness of any information included in this Memorandum or any other information, written or oral, or any document made available in connection with this offering.

Until the execution of definitive purchase documentation for the purchase of the Units, the Company reserves the right, in its sole discretion and for any reason, to modify or amend the terms of the Units, to approve or disapprove any prospective investor, to accept or reject, in whole or in part, any subscription, to allot to any investor fewer Units than the number sought by such investor and to withdraw from any further discussions, negotiations or transactions. Neither the Company nor any of their respective affiliates will have any liability or obligation whatsoever to any prospective investor in the event of any of the foregoing.

This Memorandum speaks as of the date hereof. Neither the delivery of this Memorandum nor any eventual sale of the Units shall, under any circumstances, imply that the information contained herein is correct as of any future date or that there has been no change in the Company's affairs after the date hereof. Nothing contained herein is, or should be relied upon as, a promise or representation as to future performance. Neither the Company nor any of their affiliates undertake any obligation to update or revise the Memorandum.

This Memorandum is intended solely for the use of the prospective investor to whom this Memorandum is initially provided. This Memorandum does not constitute an offer to sell to or solicitation of an offer to purchase from any investor or in any jurisdiction in which such an offer or solicitation is not authorized or would be unlawful. Each investor must comply with all legal requirements in each jurisdiction in which it purchases, offers or sells the Units or possesses this Memorandum, and must obtain any consent, approval or permission required by it in connection with the Units or the offering. Neither the Company nor any of their respective affiliates make any representation or warranty regarding, or shall have any responsibility for, the legality of an investment in the Units under any securities or similar laws. Prospective investors are not to construe the contents of this Memorandum as investment, legal, business or tax advice of any kind.

This Memorandum may contain descriptions of the Units and certain other documents relevant to this offering that do not set forth all the information that is included in or may be derived from those documents. You should read the complete text of the documents carefully and in their entirety prior to making any investment decision. You may request copies of the documents from the Company.

Any financial projections and other statements of anticipated future performance that are included in this Memorandum or otherwise furnished in connection with the offering are for illustrative purposes only and are based on assumptions by the Company's management that are subject to significant risks and uncertainties and may prove to be incomplete or inaccurate. Actual results achieved may vary from the projections and the variations may be material. Variations in the assumptions underlying the projections

may also significantly affect projected results. The projections contained in this Memorandum were not prepared with a view toward compliance with published guidelines of the American Institute of Certified Public Accountants or generally accepted accounting principles and have not been examined, reviewed or compiled by the Company's independent certified accountants. Prospective investors should read these projections and other forward-looking statements in conjunction with the risk factors, historical financial data and other information included in this Memorandum or otherwise furnished in connection with this offering for additional factors that could cause actual results to differ materially from those projected. No representation or warranty of any kind is made with respect to the accuracy or completeness of the financial projections or other forward-looking statements, any assumptions underlying them, the future operations or the amount of any future income or loss. Without limitation of the foregoing, neither the Company nor The Company's accountants express any opinion or other form of assurance with respect to such matters and prospective purchasers of Units are cautioned not to place reliance thereon.

Certain information contained herein concerning economic trends and performance is based upon or derived from information provided by third-party consultants and other industry sources. Neither the Company has independently verified and cannot assure the accuracy of any data obtained by or from these sources.

**THE UNITS MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR AN EXEMPTION FROM REGISTRATION THEREUNDER, AND AS OTHERWISE PERMITTED UNDER APPLICABLE LAWS AND UNDER THE DEFINITIVE DOCUMENTATION TO BE ENTERED INTO IN CONNECTION WITH THIS OFFERING.**

### **NOTICE TO U.K. INVESTORS**

This Memorandum is directed only at persons who: (i) are outside the United Kingdom; or (ii) have professional experience in matters relating to investments; or (iii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (all such persons together being referred to as "relevant persons"). This Memorandum must not be acted on or relied upon by a person who is not a relevant person. An investment or investment activity to which this Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

### **SECURITIES LAWS AND RESTRICTIONS**

The Units have not been registered under the Securities Act, or registered or qualified under any applicable State or non-U.S. securities laws. The Units have not been approved by the United States Securities and Exchange Commission, any state securities authority or any other United States or non- U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Units or the accuracy or adequacy of this Memorandum. Any representation to the contrary is unlawful.

Any eventual purchase of the Units by a prospective investor shall be made in reliance upon an exemption from registration under the Securities Act for an offer and sale of securities not involving a public offering. This Memorandum is being made available to prospective investors so as to comply with the requirements of such a private placement exemption. Any further reproduction or distribution of this Memorandum, in whole or in part, is unauthorized and could result in a violation of the Securities Act.

The Units are subject to restrictions on purchase, transferability and resale and may not be purchased, transferred or resold except as permitted under the Company's Operating Agreement and as permitted under the Securities Act and any applicable state or non-U.S. securities laws, pursuant to registration thereunder or exemption therefrom. Prospective investors should be aware that they may be required to bear the financial risk of this investment for an indefinite period of time.