Cough Shield

ORGANIZATION AND OWNERSHIP STRUCTURE

Cough Shield, LLC – a State of Missouri Limited Liability Corporation

BEFORE Phase II seed capital injection:

* Founders shares / 100% of company
* Mark Deitrickson – 45% of shares
* Joey Knight – 35% of shares
* Reserved shares – 20% of shares
	+ Reserved for consultants, distributors, manufacturers, team associates
	+ If not used, will be converted to Preferred Stock ownership split between mark and Joey

AFTER Phase II seed capital injection with investment payback plan in place (110,000.00)

* Mark Deitrickson – 51% of Founders shares
* Joey Knight – 41% of Founders shares
* Seed capitalist investment Phase II – 8% of Founders shares

AFTER Phase II seed capital injection with investment payback plan in place (145,000.00)

* Mark Deitrickson – 50% of Founders shares
* Joey Knight – 40% of Founders shares
* Seed capitalist investment Phase II – 10% of Founders shares
* Payback plan
	+ Cash payments starting after receipt of Phase III investment capital
	+ 5% interest accrues during period of Phase II to Phase III capital injection
	+ Principal + accrued interest = Basis amount
		- Basis amount paid back within 48 months
		- Interest rate on payback @ 5%

AFTER Phase II seed capital injection with NO initial investment payback plan (110,000.00)

* Mark Deitrickson – 45% of Founders Shares
* Joey Knight – 35% of Founders Shares
* Phase II investor – 20% of Founders Shares

AFTER Phase II seed capital injection with NO initial investment payback plan (145,000.00)

* Mark Deitrickson – 43% of Founders Shares
* Joey Knight – 33% of Founders Shares
* Phase II investor – 24% of Founder Shares

Founders Shares

* Can be sold after 24 months / max 25% per year
* Vesting of Founders Shares
	+ 50% after year one
	+ 100% after year two
* 100% of Founders Shares will be converted to PREFERRED VOTING SHARES
	+ Participating shares
	+ Dividend producing (dividend determined by Board)
	+ Paid first before Common Shares
	+ Voting rights
	+ Bonus plan option
* Dilution of Founders Shares upon conversion to PREFERRED SHARES
	+ Total shares after conversion = Common stock (purchased) + Common stock (reserve) + Preferred stock
	+ Preferred stock = 10:1 common stock (exact ratio will be based on Pre-Money valuation and 1 million shares of issued stock)
	+ Preferred stock = approx. 20% of all shares
* Board
	+ Founders – one vote each
	+ Phase III investor – 3 votes
	+ Financial officer – 1 vote
	+ Founders selection – 1 vote
	+ Phase III investor selection – 1 vote
	+ TOTAL BOARD MEMBER VOTES = 9 VOTES