

THERACELL, INC.
MEMORANDUM OF TERMS

This Memorandum of Terms represents only the current thinking of the parties with respect to certain of the major issues relating to the proposed private offering and does not constitute a legally binding agreement. This Memorandum of Terms does not constitute an offer to sell or a solicitation of an offer to buy securities in any state where the offer or sale is not permitted.

THE OFFERING

<i>Issuer:</i>	Theracell, Inc., a Delaware corporation (the “ Company ”).
<i>Securities:</i>	Flash Seed Preferred Stock (the “ Flash Preferred ”).
<i>Valuation of the Company:</i>	\$15.00 million pre-money valuation.
<i>Amount of the offering:</i>	Up to a maximum \$3.00 million of new investment. A minimum of \$250,000 of new investment will be required for the initial closing of the sale and issuance of Flash Preferred (the “ Initial Closing ”).
<i>Number of shares:</i>	Up to 4,566,210 shares.
<i>Price per share:</i>	\$0.657 (the “ Purchase Price ”).

TERMS OF THE FLASH PREFERRED

<i>Liquidation preference:</i>	In the event of a liquidation, dissolution or winding up of the Company, the holders of the Flash Preferred will have the right to receive, prior to any distribution to the common stock, the greater of (a) the Purchase Price of the Flash Preferred, and (b) the amount the holder would receive if all shares of the Flash Preferred were converted into common stock immediately prior to the liquidation event. The remaining assets will be distributed <i>pro rata</i> to the holders of common stock. A sale of all or substantially all of the Company’s assets or a merger or consolidation of the Company with any other company resulting in a change of control will be treated as a liquidation of the Company (a “ Deemed Liquidation ”).
<i>Conversion:</i>	The Flash Preferred may be converted at any time, at the option of the holder, into shares of common stock. The conversion rate will initially be 1:1, subject to customary adjustments.
<i>Automatic conversion:</i>	Each share of the Flash Preferred will automatically convert into common stock, at the then applicable conversion rate, upon (i) the closing of a firmly underwritten public offering of common stock, or (ii) the election or consent of the holders of a majority of the then outstanding shares of Flash Preferred.

General voting rights:

Each share of Flash Preferred will have the right to a number of votes equal to the number of shares of common stock issuable upon conversion of each such share of Flash Preferred. The Flash Preferred will vote with the common stock on all matters except as specifically provided herein or as otherwise required by law.

Protective provisions:

The Flash Preferred will have only separate rights as a series of stock to approve corporate transactions and changes to the rights of the Flash Preferred to the extent specifically required under the Delaware General Corporation Law. For avoidance of doubt, no separate series approval of the holders of the Flash Preferred will be required for a future financing transaction by the Company, including the authorization and issuance of class of stock that is senior to the Flash Preferred.

INVESTOR RIGHTS

Right to maintain proportionate ownership:

Each holder of at least 38,051¹ shares of Flash Preferred shares (each, a “**Significant Holder**”) will have a right to purchase its *pro rata* share of any offering of new securities by the Company, subject to customary exceptions and exercisable within ten business days following notice of the applicable offering from the Company. The *pro rata* share will be based on the ratio of (x) the number of Flash Preferred shares held by such holder (on an as-converted basis) to (y) the Company’s fully-diluted capitalization (on an as-converted and as-exercised basis). FlashFunders will have the secondary right to exercise any of the foregoing purchase rights not exercised by any Significant Holders. These rights will terminate immediately prior to the Company’s initial public offering or five years after the financing. These participation rights will terminate if such Significant Holder fails to purchase his, her or its full *pro rata* share of any new securities offered pursuant to this participation right.

Information rights:

As soon as practicable following the end of each fiscal year, the Company will deliver to each Significant Holder upon request, copies of the Company’s unaudited annual financial statements consisting of balance sheet and statement of operations, provided that each Significant Holder will agree to maintain the confidentiality of such financial statements and the Company will not be required to provide such financial statements to any competitor.

¹ Equal to \$25,000 divided by per share Purchase Price.

Restrictions on Shares:

Drag-Along/Voting Agreement: Each holder of the Flash Preferred or common stock issued upon conversion of the Flash Preferred (a “**Holder**”) will agree to vote his, her or its shares (including any voting shares into which the Flash Preferred may be converted) in favor of any of the following transactions which is approved by the Board of Directors and the holders of a majority of the outstanding voting shares of the Company (voting on as-converted basis)(the “**Electing Holders**”):

- (1) a Deemed Liquidation which either (a) results in gross proceeds to the holders of Flash Preferred equal to at least 3 times the Purchase Price or (b) is approved by holders of a majority of the Flash Preferred, so long as in either case the liability of such Holder in such transaction is several (and not joint), is limited to the proceeds received by the Holder, and does not exceed the Holder's pro rata portion of any claim and the consideration to be paid to the stockholders in such transaction will be allocated as if the consideration were the proceeds to be distributed to the Company's stockholders in a liquidation under the Company's then-current Certificate of Incorporation, or
- (2) any bona fide equity financing transaction in which the effective price per share is at least 3 times Purchase Price.

Right of First Refusal: In connection with any proposed transfers of any Company shares by any Holder (subject to limited exceptions for estate planning purposes), the Holder must notify the Company and the Company will have a right of first refusal to purchase any or all of the shares on the same terms and conditions as the proposed transfer. The Company's right of first refusal will be assignable at the discretion of the Company's Board of Directors, and subject to exceptions as described in the definitive documents.

Market stand-off: Holders will agree not to effect any transactions with respect to any of the Company's securities within 180 days following the Company's initial public offering, provided that all officers, directors and 5% stockholders of the Company are similarly bound.

Restricted Securities: The Flash Preferred shares, and any common stock issued upon conversion of the Flash Preferred, will be “restricted securities” for purposes of U.S. and State securities laws, and (in addition the restrictions set forth above) may only be transferred pursuant to an effective registration or valid exemption from registration.

DISPUTE RESOLUTION

Governing Law:

Investment documents will be governed by California law.

***Arbitration; Waiver of
Class Actions Claims:***

Subject to limited exceptions, all claims as a stockholder or relating to the investment in the Company will be subject to resolution by mandatory, binding arbitration. Claims may be brought only individually, and not as a class action or similar claim.