**The securities offered hereby have not been registered under the Securities Act of 1933 (the “Act”) or the securities laws of any state and are being offered and sold in reliance on exemptions from the registration requirements of said Act and such laws. The securities are subject to restriction on transfer and resale and may not be transferred or resold except as permitted under said Act and such laws pursuant to registration or exemption therefrom. The securities have not been approved or disapproved by the Securities and Exchange Commission, any state securities commission, or any other regulatory authority, nor have any of the foregoing passed upon or endorsed the merits of this offering or the accuracy or adequacy of this memorandum. Any representation to the contrary is unlawful.**

June\_\_, 2010

Copy Number\_\_\_\_\_\_\_\_\_\_

**Confidential Private Placement Memorandum**

**ReadOz LLC**

Up to $3,000,000

in

Class A Membership Units

**This Offer Is Limited To Accredited Investors Who Are Persons Described In Rule 501(a) Of Regulation D. See “Investor Suitability Requirements.” These Securities Are Speculative And An Investment In The Securities Involves A High Degree Of Risk. See “Risk Factors.”**

This Confidential Private Placement Memorandum (“Memorandum”) relates to the private offer and sale (“Offering”) by ReadOz LLC, an Illinois limited liability company (“Company,” and also referred to herein as “we” or “our”) of Class A Membership Units representing membership interests in the Company (“Units”). The purchasers of Units are sometimes referred to herein as “Members.” Each Unit is offered at a price of $1.50 in cash. Up to \_\_\_\_\_\_\_ Units shall be sold. Prior to this offering, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Class A Units have been issued by the Company. The Company reserves the right in its sole discretion to modify the terms and conditions of acceptance and to accept or decline any offer to purchase Units. No public market exists for any of the Units and no public market is expected to develop in connection with this Offering. The closing of the Offering (“Closing”) is expected to occur on or before April 30, 2010, but may be extended by the Company in its discretion until no later than June 30, 2010. The Company may, in its discretion and upon notice to investors, complete an Initial Closing at any time after subscriptions for at least 100,000 Units have been accepted.

This Memorandum (together with any amendments or supplements and any other information that may be furnished to you by us) includes or may include certain statements, estimates and forward-looking forecasts with respect to our anticipated future performance. Such statements, estimates and forward-looking forecasts reflect various assumptions of our management that may or may not prove to be correct and involve various risks and uncertainties. IN SOME CASES, FORWARD‑LOOKING STATEMENTS CAN BE INDICATED BY TERMINOLOGY SUCH AS “MAY,” “WILL,” “SHOULD,” “COULD,” “EXPECTS,” “PLANS,” “ANTICIPATES,” “BELIEVES,” “ESTIMATES,” “PREDICTS,” “POTENTIAL,” OR “CONTINUE” OR THE NEGATIVE OF SUCH TERMS OR OTHER TERMINOLOGY. ALTHOUGH THE COMPANY BELIEVES THAT THE EXPECTATIONS REFLECTED IN THE FORWARD‑LOOKING STATEMENTS ARE REASONABLE, IT CANNOT GUARANTEE FUTURE RESULTS, LEVELS OF OPERATIONS, PERFORMANCE OR ACHIEVEMENTS. MOREOVER, NEITHER THE COMPANY NOR ANY OTHER PERSON ASSUMES RESPONSIBILITY FOR THE ACCURACY AND COMPLETENESS OF SUCH STATEMENTS. THE COMPANY IS UNDER NO DUTY TO UPDATE ANY OF THE FORWARD‑LOOKING STATEMENTS AFTER THE DATE OF THIS MEMORANDUM.

Except as otherwise indicated, this Memorandum speaks as of the date indicated above. NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY OFFER OR SALE MADE HEREUNDER SHALL CREATE, UNDER ANY CIRCUMSTANCE, ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY AND OTHER INFORMATION CONTAINED HEREIN SINCE THE DATE HEREOF.

This Memorandum CONSTITUTES AN OFFER ONLY TO THE OFFEREE WHOSE NAME APPEARS ON THE COVER AND TO WHOM THIS MEMORANDUM IS PROVIDED AND does not purport to be all-inclusive or contain all information that you may desire in investigating THE COMPANY. You must rely on your own examination of THE COMPANY and the terms of this offering, including the merits and risks involved in making an investment decision with respect to the SECURITIES. Prior to making an investment decision regarding the SECURITIES, you should consult your own counsel, accountants and other advisors and carefully review and consider this entire Memorandum.

This Memorandum does not constitute an offer to sell to, or a solicitation of an offer to buy from, anyone in any state or in any other jurisdiction in which such an offer or solicitation is not authorized.

No person has been authorized to give any information or make representations in connection with this offering other than the information and representations contained in this Memorandum, and, if such information or representations are given, they must not be relied upon as having been authorized by THE COMPANY. Prior to your purchase of SECURITIES, you will have the opportunity to ask questions of, and receive answers from, one of our representatives at our principal office during business hours, concerning the terms and conditions of this offering and to obtain any additional information which we possess or can acquire without unreasonable effort or expense that is necessary to verify the accuracy of information furnished in this Memorandum. If you wish to obtain any such information, please contact the individuals listed under “Additional InQUIRIES.” Any additional information or representations given or made by us in connection with this offering, whether oral or written, are qualified in their entirety by the information set forth in this Memorandum, including, but not limited to, the risk factors set forth in this Memorandum. Please see “Risk Factors.”

This memorandum was written to support the promotion or marketing of the securities offering described in this memorandum. the STATEMENTS MADE IN THIS MEMORANDUM are not intended AS tax advice, and cannot be relied upon by any taxpayer For the purpose of avoiding penalties that may be imposed upon the taxpayer. each taxpayer should seek advice based upon the taxpayer’s particular circumstances from an independent tax advisor.

You should not construe any statements made in this Memorandum as legal advice. You and your investment, tax or other advisors, accountants and legal counsel, if any, should review this Memorandum and its exhibits.

The information contained in this Memorandum is confidential and proprietary to us and is being submitted to you solely for your confidential use with the express understanding that, without our prior express written permission, you will not release this Memorandum or discuss the information contained in it or make reproductions of or use this Memorandum for any purpose other than evaluating a potential investment in the SECURITIES.

By accepting delivery of this Memorandum, you agree to promptly return to us this Memorandum and any other documents or information furnished by or on behalf of us if you elect not to purchase the SECURITIES.

The sale of the SECURITIES is subject to the provisions of a SUBSCRIPTION agreement and other related agreements, which you will be required to execute if you purchase SECURITIES. IF YOU ACQUIRE A UNIT, The terms of the SECURITIES will be set forth in THE LIMITED LIABILITY COMPANY AGREEMENT OF THE COMPANY, A COPY OF WHICH IS ATTACHED HERETO. You should not purchase SECURITIES unless you have completely and thoroughly reviewed the provisions of the SUBSCRIPTION agreement, thIS MEMORANDUM, and THE agreements ATTACHED HERETO. In the event that any of the terms, conditions or other provisions of the agreements IS inconsistent with or contrary to the information provided in this Memorandum, the agreements will control.

We reserve the right, in our sole discretion and for any reason, to modify, change and/or withdraw some or all of the offering and/or accept or reject some or all of any prospective investment in the securities or to allot to you less than the number of Units that you desire to purchase. We will have no liability to any investor or recipient of this Memorandum in the event that we take any of these actions.

**FLORIDA INVESTORS:** IF SALES OF SECURITIES ARE MADE TO FIVE (5) OR MORE PERSONS IN THE STATE OF FLORIDA PURSUANT TO THE EXEMPTION FOR LIMITED OFFERS OR SALES OF SECURITIES SET FORTH IN THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT, ANY SALE SO MADE IS VOIDABLE BY THE PURCHASER WITHIN THREE (3) DAYS AFTER THE LATER TO OCCUR OF (1) THE DATE THE FIRST TENDER OF CONSIDERATION IS MADE BY SUCH PURCHASER TO THE COMPANY, AN AGENT OF THE COMPANY OR THE ESCROW AGENT, OR (2) THE DATE THE AVAILABILITY OF THE RIGHT TO VOID THE PURCHASE IS COMMUNICATED TO SUCH PURCHASER.

Table of Contents

Investor Executive Summary of the ReadOz Business 1

Description of the Offering 2

Plan of Distribution 3

Additional Inquiries 3

About the Company…………………………………………………………………….4

Management Team…….. …..11

Funding of Company Operations………………………………………………….… 12

Management Agreement…. 15

Operating Agreements…………………………………………………………………16

Risk Factors 19

Conflicts of Interest 23

Federal Income Tax Considerations 23

Investor Suitability Requirements 31

Exhibit A: Limited Liability Company Agreement (sometimes referred to as the “Operating Agreement”)

Exhibit B: Compiled Financial Projections

Subscription Agreement and related documents

IRS Form W-9

ReadOz Executive Summary

**Executive Summary**

**Mission**

ReadOz™ is an innovative digital publishing software technology company aimed at offering high-quality value service to our audience of Readers, Publishers and Advertisers. We view ourselves as partners with our customers, our employees, our community and our environment. ReadOz aims to become a globally recognized brand name, capitalizing on serving the needs of organizations to manage their documents and the needs for users to experience the enjoyment of reading publications in the new digital era. Our goal is rapid growth, annual profitability and maintaining our entrepreneur spirit and enthusiasm.

**Description:**

ReadOz™ was formed in 2007 in response to the growing demand for online publishing venues and for the readership research. As the readers embraced the convenience of online access to their favorite publications and the publishers sought to augment their competitiveness in the marketplace as well as to increase their circulation, the demand for a robust, well-integrated, and elegant platform had driven our request to deliver the best of both worlds in one superior package.

**Background:**

ReadOz™ is an online portal that has set out to become a global digital library of high quality content. ReadOz™ helps facilitate product focus, branding, marketing and administration in the digital publishing industry.

**Services:**

ReadOz™ closes the loop between online social behavior and offline reading habits. ReadOz™ develops and deploys online digital access to magazines, newspapers, directories, brochures and other printed documents for publishers and advertisers that are looking for wider dissemination and advanced and highly focused market data via the Internet.

**Competitive Position:**

ReadOz™ offers a wide array of features and services at a lower cost than its competitors. ReadOz serves three audience groups - Readers, Publishers, and Advertisers. ReadOz has successfully integrated the growing and unique needs of each audience group to produce an online portal of digital publications. We service the complex needs of each audience group with a targeted approach to deliver exceptional value. We offer better search engine capabilities, Ecommerce functionality for publishers to capitalize on catalogues and subscriptions opportunities, a leading data analytics and metric system built from a comprehensive research tracking platform, customized marketing research capabilities, access to an international base of readers, proprietary data storage system for publications, dynamic reader functionality with features to enable monetization for publishers, and we have On-Demand publishing along with hyper local geographic/demographic publishing. With these unique offerings and the rest of our features and services, we are still able to be the digital publishing company with one of the lowest costs while delivering exceptional service.

**Future Goals:**

The vision of ReadOz extends far beyond the digital reader and database driven marketing system.

The next version of ReadOz envisions a downloadable client feature so that publications are no longer bound by the site or the internet. This will allow for publications to be read digitally, anywhere, anytime. Additionally, the newly enhanced digital reader will enhance the reading experience allowing readers to fully utilize all the digital functionality with ease. This includes an improved navigation toolbar and a pop-up story viewing mode.

ReadOz will be transforming publications into powerful mobile devices enabling a new digital reading experience. ReadOz will be producing both the iPhone and iPad versions incorporating new digital features which will increase the engagement between the reader, the publisher and the advertiser.

Another exciting opportunity ReadOz is completing is the Publishers and Advertisers portal. These two modules will constitute the final stage of ReadOz development. The development will create new revenue opportunities. The Publishers portal will allow ReadOz to take the leadership position in the intellectual online data source/mining for the Publishing Industry. The Advertisers portal will create a virtual marketplace for media buyers and planners to source out key metrics on publications that will help determine advertising campaigns and advertising expenditures. These two portals will create two revenue growth channels.

ReadOz is very eager to complete and launch these development goals. This synergy will elevate ReadOz above the competitive marketplace and place ReadOz as a portal that provides a comprehensive digital solution that serves every need of the Publishing Industry.

Description of the Offering

Securities Offered and Price

This Offering is for up to \_\_\_\_\_\_\_\_\_\_\_\_\_ Class A Membership Units (“Units”) in ReadOz LLC, an Illinois limited liability company (the “Company”). The Units are being offered for sale by the Company. Each Unit will be sold at a price of $1.50 payable in full upon subscription. A minimum of 100,000 Units and a maximum of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Units will be sold pursuant to this Offering. The minimum subscription for each investor who is purchasing a Unit is 33,333 Units ($50,000.00). The Company reserves the right at any time without notice to reduce the minimum subscription requirement. See “Terms of the Offering.”

The Offering Price of the Units has been established by the Company based on its estimate of the current value of the Company, which estimate may prove to be incorrect. The Offering Price bears no relationship to the book value of the Company, and should not be considered a determination of the actual or potential value of the Units.

This Offering succeeds a prior offering of Class A Units in the Company. As of this date, \_\_\_\_\_\_\_\_\_\_\_\_\_\_ Class A Units have been issued. The Company is authorized to issue a maximum of 2,000,000 Class A Units. The Class A Units represent, in the aggregate 20% of the equity in the Company on a fully diluted basis. The Class A Units have certain distribution preferences as more fully set forth herein. (See “Funding Company Operations” and Operating Agreement).

Offering Period

The Offering will commence on the date of this Memorandum or such later date as is required under the securities laws of the states in which this Offering is made. If, on or before April 30, 2010, which date may be extended to June 30, 2010, in the discretion of the Company (“Offering Deadline”), subscriptions acceptable to the Company for not less than 100,000 Units have been received, the Company will make an election either to cancel the Offering or accept the subscriptions. The date on which the Company elects to accept the subscriptions is sometimes referred to herein as the “Closing.” The period of time commencing on the commencement date of the Offering and ending on the Offering Deadline, as the same may be extended by the Company, is herein referred to as the “Offering Period.” Subscriptions must be received by the Company on or prior to the Offering Deadline in order to be eligible for the Offering.

Control of Offering

The Company reserves the right at any time without notice to cancel or withdraw this Offering (including the number of Units offered or available); to reduce the minimum subscription; to accept or reject any subscription to purchase Units; and otherwise manage and control the Offering in any and all manners and ways consistent with this Memorandum. Said rights are at the sole and exclusive discretion of the Company. If a subscription is not accepted, all funds and documents will be returned to the subscriber as soon as practicable.

Closings and Escrow

Pending the Closing of the issuance of the Units, all cash amounts received by the Company for the purchase of Units will be held in an escrow account (“Escrow Account”) maintained by the Company’s attorneys, Burke, Warren, MacKay & Serritella, P.C. Upon the Closing, all principal and interest held in the Escrow Account will be paid to the Company. All subscriptions will be refunded in full without interest if subscriptions for at least 100,000 Units have not been received by April 30, 2010, or by June 30, 2010, if the Company elected to extend the Offering Deadline. Subject to state securities laws, a subscriber has no right to withdraw his investment during the Offering Period. In the event the Closing does not occur on or before the Offering Deadline, all amounts in the Escrow Account will be refunded to subscribers, based on the amount and time of deposit.

At any time after the Company has received subscriptions for at least 100,000 Units, the Company may, in its sole discretion and upon notice to subscribers, complete an initial closing on at least 100,000 Units without terminating the Offering Period (the “Initial Closing”). In such event, Units will be issued to subscribers whose subscriptions have been accepted as part of the Initial Closing, the funds deposited in escrow by such subscribers will be disbursed to the Company, and the Offering will continue as described above with respect to the remaining unsubscribed Units until the end of the Offering Period or such earlier date as the Company elects to terminate the Offering Period. In the event of an Initial Closing, all references herein to “Closing” shall mean the Initial Closing with respect to the subscribers included in the Initial Closing, and the final closing at the end of the Offering Period with respect to all other subscribers.

Subscription and Payment Procedure

Prospective purchasers are to complete and sign the Confidential Investor Questionnaire and Subscription Agreement (“Subscription Agreement”) and IRS Form W-9 attached to this Memorandum (collectively, the “Subscription Documents”). No sale of Units pursuant to this Offering is valid or complete unless accepted by the Company, as evidenced by execution and delivery of the Subscription Agreement by the Company. The Subscription Documents, cash subscription payments and requests for wiring instructions should be delivered to the Company. All subscription payments are to be made payable to the order of “Burke, Warren, MacKay & Serritella, P.C. Client Trust Account.”

Plan of Distribution

No general solicitation will be permitted in connection with the distribution of Units hereunder. This Offering is limited to prospective purchasers who meet the conditions for investment discussed under “Investor Suitability Requirements.”

Except as stated under “Additional Inquiries,” no party has been authorized to give any information or to make any representations other than those contained in this Memorandum in connection with this offering, and such representations, if any, may not be relied upon.

Additional Inquiries

The Company will make available to prospective investors the opportunity to ask questions of and receive answers from the Company concerning the terms and conditions of the Offering and to obtain any additional information necessary to verify the accuracy of the information contained in this Memorandum. Any additional information will be made available to prospective investors only to the extent the Company possesses the information or can obtain it without unreasonable effort or expense. All communications or inquiries relating to these materials or involving the Company should be directed to the following individual:

Alex Shchekin

350 West Ontario, Suite 4W

Chicago, Illinois 60654

Telephone: 312 929 2500

Facsimile: 312 846 6186

Facsimile: (847) 459-0072

Email: info@intergam.com

Website: [www.intergam.com](http://www.intergam.com)

About The Company

Formation

ReadOz was started in 2007 by the founder of Intergam Technologies. Founded in 1998, Intergam is a successful online marketing research company that has a large and loyal client list. Some of its clients include Leo Burnett, Simmons (Experian Research Services) and Information Resources Inc. Its products and services are proven in today’s marketplace.

ReadOz was formed on June 19, 2007 with the active involvement and support of Intergam Technologies Corporation, an Illinois corporation (“Intergam”). Intergam is a profitable online technology company with a significant and loyal client list and revenues in excess of $2,000,000 annually. Intergam was launched by Alex Shchekin in 1996 as a database and applications development company.

Using his knowledge of complex data collection and online programming, Alex created ReadOz as a means to help clients understand the readership behaviors of consumers. As market penetration in terms of Internet usage reached and quickly surpassed 50% in the United States, the market research industry discovered that the Internet could be an important and groundbreaking method to reach the consumer. Additionally, as more households had access to the internet, the demand for content and consumption of content grew. The formation of ReadOz was aligned to meet the growing demand for consumption of news and content from consumers.

In 2008, ReadOz was split off from Intergam to create a new company to facilitate product focus, branding, marketing and administration in the digital publishing industry. What started out as a marketing research tool evolved into a portal and library of international publications where readers can experience reading traditional print publications in a dynamic digital format. The current version of ReadOz serves as a powerful tool for the publishing industry delivering value to the readers, publishers and advertisers. As the marketplace migrates and enmeshes to the endless possibilities of the internet world ReadOz will continue to develop solutions to meet the requirements for digital media for the publishing industry.

Current Operations

The affairs of the Company, the conduct of its business, the authority of its Manager, and the rights and obligations of its members are governed by that certain Limited Liability Company Agreement of ReadOz LLC, dated June 19, 2007 (“Operating Agreement”), a copy of which is attached hereto as **Exhibit A**. For a summary of the provisions of the Operating Agreement, see “The Operating Agreement.”

The Business Model and Products

ReadOz develops and deploys online digital access to magazines, newspapers, directories, brochures and other printed documents for publishers and advertisers that are looking for wider dissemination and advanced and highly focused market data via the Internet. This is accomplished through the digital online reader called “ReadOz” and the unseen database and tracking software used to improve the overall marketing for the publisher and its advertisers. The firm has developed the state-of-the-art in digital readers and tracking software. Services are available to commercial publishers of magazines and directories, not-for profit organizations engaged in publishing activities, commercial printers engaged in digital publishing, as well as large companies and advertising agencies interested in digital brochure dissemination.

With skyrocketing publishing costs, ever-increasing postal rates, and a world concerned with the environment, publishers are seeing the potential to change the business model of publishing to include the digital medium. Additionally, the digital medium can yield significant information about readers that is unavailable to the print medium. ReadOz intends to exploit these trends, creating a premiere reader and a rich database of marketing knowledge for use by publishers and advertisers.

In order to capture the imagination of the marketplace, ReadOz has focused on three cornerstone values in the industry:

· 1. The READER. The READER itself has been developed by Intergam in order to provide a simple and intuitive reading experience. The reader is both aesthetically and functionally superior to any digital reader now in the market. Some unique elements of the reader are particularly significant in attracting publishers and readers. First, in response to a major publisher complaint concerning existing readers on the market, the ReadOz reader features a comprehensive palette of tools and features that is unique, easy to use and navigate, simple and stylish, fully functional engagement tools and provides ecommerce capabilities. Additionally, as audience engagement immerses with the growing social networking space, ReadOz has developed a reader that incorporates popular sharing tools allowing users to fully engage with the publication and content. The ReadOz reader was developed with all the needs of the readers, publishers and advertisers in mind, making it a very functional and dynamic feature.

· 2. The DATA. Key to the value proposition of ReadOz is the collection and use of data. A singular database developed by Intergam collects initial profile data, ongoing readership data, and behavioral website data in order to give the advertiser what we believe to be the most powerful target marketing tool ever to exist in publishing. This is significantly a unique feature due to the limitations of the competition. ReadOz is able to expand its data and metrics beyond the simple data platform the competition provides. This unique ability allows publishers to truly understand their audience and overall business effectiveness.

· 3. LOW OPERATING COSTS. By utilizing Intergam’s full service, in-house programming and administrative facility internationally, ReadOz has been able to realize very significant operating cost advantages over its competitors and the ability to quickly and cost effectively scale up to meet increased business volumes.

Technology

ReadOz software in its first two versions will consist of a digital reader and database system. As stated earlier, the reader technology has evolved as the consumer behavior and the needs of the industry changes. Recently, we have re-designed the user interface platform to improve user experience and functionality. Some of the new enhancements include consolidating the navigation toolbar and upgrading our offerings to support subscriptions and ecommerce capabilities. ReadOz will continue to invest in research and development to ensure a high value delivery to its end users.

ReadOz benefits from the partnership with Intergam as a result of the proprietary database systems and technology provided from Intergam. Accordingly, this shared technology has and will continue to be licensed by Intergam to ReadOz on a non-exclusive, fully paid up, and perpetual basis. The database system enables ReadOz to offer its publishing clients in depth, comprehensive market research data based on the use of the Internet site by publication readers. An offspring of the online survey technology is the ability to program customized survey-related offerings for our clients’ needs. ReadOz has now developed a data collection product serving as an “online education tool.” Essentially, publishers can now quiz their readers on the content of their publications or other needs. This new technology innovation allows ReadOz to add to its competitive edge and opens the doors to new opportunities in the education industry.

Another technology achievement for ReadOz is our suite of customizable widgets. These widgets enable our clients to have unique functionality on their websites like archives and the digital reader. There is a need for publishers to have the ReadOz solution embedded within their proprietary websites. ReadOz is able to design and program an assortment of widgets to meet this technology demand.

With the trend quickly moving to mobile delivery of content, ReadOz has begun development for an iPhone and iPad version. The iPhone and iPad reader will incorporate all the technology sophistication and technology capabilities that Apple allows for programmers. Clients will be able to have a highly respected application that will enable monetization and enhance engagement for their audience. ReadOz intends to launch new versions of the applications as new innovation and programming capabilities are cultivated.

ReadOz will continue to develop and deploy its technology sequentially as it is developed and made ready for commercial use. Beta version is currently operational and in use with customers. ReadOz is in the process of finishing up a major site re-design that will strengthen the ReadOz brand and improve overall user experience. This new design will consolidate all the various components into a powerful tool that will allow ReadOz to better monetize on its growing traffic and enable all of ReadOz’s technology development. The specific time-line for deployment of later versions is fluid and dependent on funding, programming success, market acceptance, and other relevant factors.

**Accomplishments to date**

As of June 2010, ReadOz has completed the development of all major functionalities comprising a unified service offering:

1. Comprehensive reader tools. A “reader” with many interactive features providing for rich and rewarding reading experience.
2. Backend services, databases, and storage and retrieval procedures.
3. ReadOz portal that serves as a hub for navigation to different publications.
4. Suite of publishing tools (hyper linking, multimedia inserts, featured advertisers, banner and skyscraper an ad inserts for individual publishers, editors notes).
5. Dissemination tools – a set of widgets is made available to publishers and third-party websites allowing ReadOz propagation across the Web.
6. Research and Statistics Suite – a suite of on-demand statistical reports with readership data with high degree of granularity (to a page sector).
7. Readership surveys – templates and backend technology have been developed to deliver fast turn-around surveys among readers per publisher’s request.
8. Content security – a proprietary security algorithm has been developed in order to prevent unauthorized distribution of content published on ReadOz.
9. Catalog sales software – the ReadOz reader software has been made fully compatible with the catalog format allowing catalog shopping on ReadOz and third-party websites using ReadOz platform.
10. BPA/ABC compliant subscription list management tool – used by publishers to manage their subscribers’ databases in compliance with BPA/ABC requirements for circulation audit.
11. Search engine optimization – content of publications is optimized for searches (a) across the portal; (b) outside the portal, e.g. by Google; (c) within a specific publication’s archives; (d) advanced portal search with multiple filters.
12. Readers’ comments feature is implemented.
13. Bookmark and Share tool – allowing one-click posting to 35 social networks.
14. Expanded administrative menu – allowing transfer of daily maintenance chores from the programming team to a dedicated customer service team.
15. Image-based reader version has been developed in addition to the Flex reader. Image-based reader creates a choice for site visitors wishing to attain highest quality of content display in certain browsers.
16. Subscription model – shopping cart and subscription management tools.
17. Hosting agreements have been secured for over 17,000 titles, which have been deployed and categorized on the portal.
18. A readership of over million page views a month has been attained.
19. Development of internal sales team. Highlights include increasing the relationship with Tribune Company, securing new relationships with Gannett, Putman Media, Cygnus Business Media, Catamaran Media, Community Publishers Inc.
20. Engagement of a strategic partnership with US Suburban Press, Inc. which serves as a gateway to over 1,200 suburban publications.
21. Re-branding of ReadOz logo that signifies ReadOz’s position in the digital media space
22. Re-design of the Reader - consolidating the toolbars enhancing the user experience with better functionality and visual effects
23. Growth of monthly users from April 2009 – 35,000 to April 2010 – 250,000
24. Development of iPhone & iPad mobile application
25. Deployment of new Education Survey Product

**Upcoming releases- ??do we really need this??**

The specific timeline for deployment of later versions is ongoing and dependent on funding, market demand, and other relevant factors. Forthcoming releases are focused on three major targets: **Readers**, **Publishers**, and **Advertisers**.

Releases aimed at **readers** are designed in order to:

* Augment ReadOz user experience and bring it online with the latest and strongest Social Web trends
* Improve content relevance for each visitor
* Increase visitor’s time spent on the site and user retention
* Optimize usability
* Foster ReadOz recognition

Forthcoming releases aimed at readers include:

1. Advanced reader profile with DIY customization options and social interaction features. Implement OpenID protocol allowing seamless integration with Facebook, MySpace and other social networks. Reader profile will be integrated with the ReadOz social space including commenting, forums, and discussions with an ability to tie threads to publications and topics.
2. Localization of content and geo-targeting of content, social networking, and advertisement. This will constitute a fundamental differentiation of ReadOz experience from all of the competitors. The geo-targeted content will (a) make it easier for the reader to find relevant published material; (b) augment social networking part of ReadOz experience; (c) facilitate ReadOz’ sales team efforts in securing regional publications (and advertisers).
3. Creative Brand image and portal usability redesign. Stress will be made on making the design and user experience resonate with the target users of portal – information seekers, early adopters, long-time print media subscribers/buyers.
4. Publisher-customizable reader interface with options to change the “skin” (appearance) and brand the reader.
5. Automatic publication cross-referencing that will cater reading suggestions based on the user’s past reading history.
6. An off-line reader and personal library.
7. More Search Engine Optimization rendering ReadOz’s hosted content more relevant for major search engines’ algorithms.
8. Continue ReadOz internationalization by creating additional foreign-language site clones. Our goal is to have solid representation in Europe, South America, and Asia. ReadOz already has users on all continents, we would like to convert and retain substantially more.
9. A reader version utilizing Silverlight technology – online and offline. This is another option for the reader utilizing the latest technology and future proofing ReadOz’ offering in the marketplace.
10. Automated tear-sheet solution providing a valuable service for publishers and their advertising clients.
11. Banner management and administrative tool that will distribute banners across different criteria such as key words and geo-targeting. This tool will help ReadOz expand its offering to advertisers reaching the consumer market.
12. Automation of the hyper linking process will improve the delivery time for all publishers and add a significant competitive advantage over competitors.
13. Enhancing the reader to have the ability for a pop-up view for readers to read the story in a text version.

**Publishers Module**

ReadOz Publishers Module will provide a turnkey solution for publishers to maintain their public profiles, manage publications, and interact with readers and advertisers. Concurrently, ReadOz will organize information about publishers and their product into a Publishers Directory. ReadOz will monetize the directory by:

* selling premium positioning within the directory
* providing and publishing readership surveys
* managing subscription
* certifying digital circulation

Publishers Directory will be closely tied with the Advertisers Gateway.

**Advertisers Gateway**

Advertisers Gateway will provide advertisers with a convenient access to the publications and publishers data. Advertisers will be able to research print media, compare publications, assess advertising effectiveness, and track readership trends in real time. ReadOz will offer basic access for free and will charge advertisers for in-depth data analysis.

Industry

In the beginning of 2008, there were 22,652 consumer magazines alone published in North America. Over the past 5 years, on average, the net number of magazines published in North America has increased by over 500 per year. Although there are no precise figures available, the number of journals, paid circulation newsletters, directories, and other periodical print publications published in North America swells the number of digital-eligible commercial publications to well over 50,000. International publications would of course significantly increase the universe of potential customers for digital publishing.

Internet-based, digital publishing is an industry in its infancy. Most publishers maintain web sites containing some content from their publications with mixed business results. For example, Wall Street Journal Online is the largest paid-subscription news site on the Web, with roughly 800,000 subscribers. Its subscription base is growing at a rate of about 6% per year; its 2006 revenue was up 23% over 2005 levels; and its operating profit grew 217% during fourth quarter, 2006 over fourth quarter, 2005 levels. Other publishers, while recognizing the strategic and competitive necessity of maintaining a Web presence, are still struggling to find a means of commercializing their Web presence in a profitable manner.

For periodical (e.g., magazine, newspapers, journal, paid circulation newsletter, and directory) publishers, digital publishing offers a significant enhancement over web sites with some periodical content and very significant advantages over print. Unlike web site content, digital publishing permits the user to browse complete periodical texts, inclusive of advertising content. Additionally, unlike web site content, digital publishing permits a reader experience not dissimilar to that of reading a printed version of the publication.

Similarly, digital publishing has a number of significant advantages over print that define it as a high potential, true replacement technology. Among the key advantages are the following:

· *Speed*. From the time that a periodical is put into PDF format until the time it is printed and delivered, weeks can go by. In the digital age, weeks become days or even hours if necessary, meaning editorial content (and potentially advertising content) can be delivered on a much timelier basis.

· *Value*. The digital format reduces printing and material costs and virtually eliminates postage and most other costs of distribution, thus delivering the same editorial and advertising content at dramatically lower prices. For example, the cost to mail an average weekly magazine is currently 21 cents per copy and raising rapidly, a cost essentially eliminated through digital publishing.

· *Versatility*. It has been said that once the magazine is mailed we do not know what happens to it. Who really reads it? For how long? Does it influence the buying process? In the digital world, many of these questions are answered through observing the behaviors of readers online.

· *Green*. Digital publishing is green in an increasingly “green conscious” world.

· *Convenience*. Digital publishing is as available to users as the Internet, thus eliminating barriers to readership due to accessibility, travel convenience and similar factors.

· *Productivity*. For advertisers, digital editions make it easier to track the effectiveness and efficiency of advertising and reduce the per reader production cost of advertising per reader, thus leading to a greater and more productive use of ad dollars.

The enhanced reader experience and benefits offered by digital publishing is confirmed by surveys of digital publication subscribers. A recent report done by Texterity showed that users enjoy digital publication to print because of the greater ability to research issues, ease of saving material, ease of forwarding material to others, greater convenience, environmental friendliness and greater timeliness of information. The same survey reports an 88% satisfaction level among users of digital publication sources.

Equally significant is Texterity’s survey finding concerning actions taken by users of digital versions of publications. For example, 83% of the users looked at the advertiser’s website, 38% contacted the advertiser for more information, and 24% purchased a product or service from an advertiser. In other words, advertising dollars spent on digital publications produce significantly higher response rates than comparable advertising in print.

The leading third party digital publishing and distribution participant in the market is Zinio Systems, Inc, a San Francisco-based organization recently purchased by Gilvest LP, a private equity concern. Zinio reports that it currently produces and hosts 1,200 digital magazines and textbooks from more than 240 publishers.

On the other hand, the advantages of digital publishing, the limited experience of publishers with digital publishing to date, and trends towards greater consumer internet access (i.e., through the proliferation of laptop computers, PDAs, web-enabled cellular phones, etc) have all contributed to the conventional wisdom in the publishing industry that digital publishing will grow dramatically in use over the next 5 years. S&P reports, “All forms of electronic publishing…ultimately could garner a significant share of the market. Publishers are positioning themselves to take advantage of the expanding revenue opportunities brought on by the proliferation of devices such as handheld and laptop computers, and cell phones.”

Delivery Strategy

ReadOz has significant advantages over its competitors. First, labor and facilities costs are significantly reduced without the loss of operational control normally associated with outsourced, offshore operations. The operating company will be able to benefit from lower international labor costs to maintain an operating cost advantage. This will enable ReadOz to invest resources for product/technology development and marketing and sales efforts.

Second, the services offered to publishers will be differentiated from and significantly superior to those offered by other competitors; and will provide unique and improved overall marketing by publication advertisers. Particularly unique is the tie-in of the reader and full database. Our database will tie together disparate and unique pieces of data and make them actionable by the advertisers to increase sales. Included in the database will be data collected from an initial user profile; data from readership studies made available to ReadOz from public and Intergam proprietary sources and behavioral data from online experiences. From this integrated database, new, sophisticated targeted marketing activities will be offered to Company clients, including geo-targeting and behavioral marketing. Visitors to an ad will receive a pop-up with information about where they can get the product locally, thus opening the publisher to additional advertising opportunities with distributors.

Marketing and Sales

ReadOz’s marketing and sales strategy is devised to leverage our clear advantages in cost, reader technology, and data reporting and analysis. We intend to take full advantage of the continuing migration of the publishing industry from print to digital.

ReadOz will initially focus its sales activity on small and mid-sized publishers that specialize in newspaper publications. There are four primary reasons for this initial focus. First, conventional wisdom in the industry is that publications in this segment of the market will be required to add a digital presence within the next three years in order to remain viable within the business community. Second, while many of their larger competitors have initiated proprietary digital publishing, most small and mid-sized publishers have been reluctant to make the sizeable investment to add anything more to their proprietary digital capability than a simple web site, either in-house or by utilizing rather expensive services of ReadOz’s competitors. Thus this segment of the market is unlikely to “solve” its digital publishing needs on their own any time soon. Third, while large publishers are providing their advertisers with market data on a regular basis, ReadOz’s data analysis and reporting capability has the potential to uniquely offer advertisers in smaller publications the same (or richer) usable market data. And finally, local suburban newspapers have a strong and loyal following. This niche approach will help ReadOz generate traffic to the portal on a daily, weekly, and monthly basis’s based upon the circulation of the publications.

ReadOz’s strongest selling point will be “low cost, high value.” Publishers will be able to capitalize on the assortment of offerings ranging from database management, enhanced digital reader, mobile applications, customizable surveys, a suite of customizable widget tools, subscription functionality, and monetizing features. The low cost associated with ReadOz’s offerings will enable publishers to easily monetize all the features making it more likely for the publishers to achieve a strong return on investment.

ReadOz conducts direct sales in the US. A network of sales representatives is established in Russia, France, Germany, and Brazil. The company plans to widen the network to include more European, Asian, and Latin American countries. Currently, talks are being held with prospective representatives internationally. The company intends to use the funding proceeds to grow the domestic team and bring on board regional sales representatives.

Direct sales team utilizes contacts with publishers of magazines, newspapers, catalogues, and CIO’s of Fortune 1000 corporations. We use industry directories to develop our sales contact lists and manage our efforts through direct contact. Industry and related trade shows are also under consideration. The ReadOz website is used for demonstration purposes and links are being developed to enhance the direct sales contact work.

Toward the strategic goal of geo-targeting of content and creation of regional media “hubs”, ReadOz has commenced groundbreaking work with Chicago-area group of publishers, including the Tribune group. ReadOz already hosts over 30 Tribune publications, including RedEye, TribLocal, Hoy, and Padres de Hoy. Similar work is being conducted in the heartland of America with the partnership of Community Publishers, Inc, serving over 50+ suburban press publications.

ReadOz will continue to focus on serving suburban newspaper press. This niche will benefit from the enhancements of ReadOz’s suite of subscription tools that will enable publishers to manage digital subscriptions and generate revenue.

Our main tactical target is bringing in community papers that have loyal readers. Since they read on a daily or weekly basis, they provide consistent traffic to our site. As our traffic of "community papers" grows, we have added the online bookstore/newsstand for these readers to explore their reading interest and purchase publications. The growth of “community readers” will allow us to diversify our collection and will allow us to capture strategic relationships in the consumer magazine niche. Once we have obtained a consistent flow of monthly traffic and deploy our new website design, we will be able to start selling subscriptions to the top consumer magazines such as People, Sports Illustrated andNational Geographic to name a few.

We are close to achieving over 300,000 unique visitors a month and growing. Our visitor's time spent on our site is nearly double to our competitor Zinio according to www.alexa.com (3 month average - ReadOz 6.735 minutes, Zinio.com 3.975). Complementing our growth and as evident in the above cited data, our readers are truly “reading” their publications and staying on our site longer based on the time spent on site report .

These metrics have validated that our strategy is working. We have seen a tremendous yearly growth from April 2009 to April 2010. In this period, our monthly reader visits grew from 35,000 per month to over 250,000 per month. This growth is a direct correlation to ReadOz’s sale team’s success in engaging new relationships with suburban newspaper press.

Based upon this and other metrics, we believe we have achieved our goal of creating value and capturing readers who are coming back to read content. We are poised to create a site where readers can come all over world to enjoy reading publications and give them the opportunity to purchase publications and other related items. Another revenue channel that emerges from the growth and traffic will be banner advertising; we will be in position to monetize our traffic and publications.

It is our belief that once we are able to capture significant investment and funding, we will be able to deploy our new release of the website that will create more revenue opportunities. Once we complete all outstanding technology development, we will be able to elevate our position and become a powerful solution and leader in digital media for the publishing industry.

**Exit Strategy**

ReadOz intends to leverage its superior technology, unique market data generating capability, and multiple income sources to create a business that produces substantial revenue and positive cash flow from operations. Management further intends to add significantly to its sources of revenue, revenue volume, and profitability by sustaining an aggressive software development program focused on completing and commercializing Publishers Directory and Advertisers Gateway by summer 2010. If these objectives are achieved, based on the experience of other similar technology companies, management believes that ReadOz should be well positioned over the next several years to (i) carry on as a profitable independent entity, (ii) be the strategic acquisition target of large international publishing and advertising organizations, (iii) be a candidate for acquisition by private equity concerns, or (iv) be a candidate for a public offering.

The Management Team

Each member of the management team brings special skills and contacts to the team and makes this opportunity particularly exciting.

***Alexander Shchekin***

Alex Shchekin serves as Manager and Chief Strategy Officer of the Company. Additionally, Alex is the president and owner of Intergam Technologies Corporation. Mr. Shchekin has a degree in physics, with a major in aerodynamics from Moscow Technical Institute with advanced degree work at Stanford and Oxford Universities. Within the computer technology area, he was an MSS and Oracle Certified professional. During the 1990’s Alex worked with Larry Ellison at Oracle as Senior Vice President in the area of software architecture and is a recognized expert in the field. Later, he took his Oracle expertise into the business consulting community with Arthur Anderson where he led numerous advanced Oracle deployments for Aon, First Chicago and other major financial institutions. With the demise of Anderson, Mr. Shchekin continued to work for these major clients under his own consultancy, leading to the initial work for his new company, Intergam Technologies. His work for a major advertising agency led the firm to develop intellectual property serving as the basis for conducting rapid deployment marketing research studies, which are an important source of current revenue for Intergam Technologies. The basis of this rapid deployment process on a cost effective basis can be found in his development of a programming and services office in Moscow, Russia. The efficiencies of this work will be used to make ReadOz similarly cost effective and successful. Mr. Shchekin resides in the Northern Suburbs of Chicago near the offices for Intergam and ReadOz in Buffalo Grove, Illinois.

***Alan Thavisouk***

Alan Thavisouk serves as the Chief Operating Officer of ReadOz. Alan was hired to serve as the VP of Sales and Marketing and has recently been promoted to COO. As VP of Sales and Marketing, Alan was able to build and develop ReadOz’s internal sales team. He quickly established an effective process, system, and strategy that resulted in a tremendous growth for ReadOz. Alan was instrumental on creating and leading the strategy to pursue sales opportunities through the small and mid-sized local suburban publications. The execution of this strategy has led to the tremendous user traffic growth of 35,000 monthly users to over 250,000 monthly users in the period of April 2009 to April 2010. Through Alan’s leadership, ReadOz has been able to grow the existing relationship with the Tribune Company and created new relationships with Gannet, Catamaran Media, Community Publishers, Inc. to name a few.

Additionally, Alan has worked to enhanced and improve ReadOz’s overall operations. He developed the delivery process serving over 17,000 publications daily. He is leading the initiatives to expand ReadOz’s offerings to mobile applications and creating new initiatives to advance ReadOz. Alan is responsible for managing the day-to-day operations including the functions of Sales and Marketing, Service Operations, Human Resources, Research and Development, and Administration.

In his previous roles, Alan has served as Vice President at Bank One, Senior Account Representative at CareerBuilder, Sales Manager at Wright Business Institute, and Director of Sales at Beyond.com. He brings extensive experience in building and leading successful sales organizations within the financial, education, technology and online industry. Alan graduated from the University of Illinois at Chicago with a B.S. in Marketing. He currently serves and hold leadership positions in several non-profits including University of Illinois Alumni Association and the Lao American Association of Elgin.

***Jeffrey Heilbrunn***

Jeff Heilbrunn serves as Chief Marketing Officer of the Company and serves in a similar capacity for Intergam. For the past year, Jeff has been opening doors for Intergam based upon his 8 years of work and contacts as president of the American Marketing Association. Both during and after his stint with the AMA, Jeff has been involved in the publishing industry, especially in the not-for-profit publishing sector. He received his B.S. in Marketing from University of Illinois at Chicago, and his M.B.A. from Loyola University of Chicago. Jeff has been an adjunct marketing professor with Columbia College of Missouri since 1994.

*Larry Greenberger*

Larry Greenberger serves as a consultant to the Company specifically with regard to publisher requirements and marketing issues. He has had a distinguished career in publishing. Larry is currently a group publisher for Cygnus, a publisher of over 50 B2B magazines; and has previously served in publishing roles with McGraw Hill, VNU, Primedia, Adams Hunter and other publishers.

The principal office of the company is in Buffalo Grove, Illinois. This office is shared currently with Intergam. At this time, it is prudent to maintain joint offices with Intergam to ensure integration of required work and to maintain as low a cost structure as possible. All employees work out of the Buffalo Grove office while Mr. Greenberger operates out of his own independent facilities.

Funding of the Company’s Operations

During the initial round of funding for the Company, a total of \_\_\_\_\_\_\_ Class A membership units were issued. Each Member subscribing for one Unit in this funding round will make a capital contribution to the Company in the sum of $1.50. If the round is fully subscribed, \_\_\_\_\_\_\_\_\_\_\_\_ Class A membership units will be issued. The Operating Agreement permits the issuance of a maximum of 3,000,000 Class A Units, which represent in the aggregate 20% of the equity in the Company.

Affiliates of Alex Shchekin have contributed working capital, original product and service concepts, initial design and programming work, preliminary marketing and sales efforts, and other services involved in the start-up of ReadOz. They have been issued 5,100,000 Class B Units, currently representing 80% of the equity in the Company. The Class B Units will be diluted to the extent the Company issues further Units beyond the current offering in order to raise additional capital

The Company will use the proceeds of this offering as the principal source of cash to fund its working capital needs and to continue to develop and grow the Company’s business.

To date the development of ReadOz has been funded by Intergam, affiliates of Mr. Shchekin, and investors during the initial funding round. . The Company needs working capital to grow its staff, finish software development, and fund marketing efforts. Funding from this offering will provide for a full time sales staff and an operations manager. Funds will also be used to pay for programming and software development operations in Russia as well as domestic and international expansion. Expansion of revenues will follow the use of these funds and should raise the income projections for the years 2010 – 2011. The current valuation of the company is in part based upon the projected levels of gross revenues described in the Compiled Financial Projections.

It is anticipated that as the Company’s business develops, additional equity funding will be required to support on-going technology development, marketing and sales activity in new geographic markets, and the Company’s entry into new product markets required to maintain a competitive edge in the rapidly developing digital publishing market. The Manager will have the right to issue additional equity securities, provided that the interest of Class A Units, in the aggregate, may not be reduced to less than 20% of the voting power or rights to net income of the Company. Class A Units will have the right to preferred distributions (up to the amount of their then unreturned capital contributions) upon any liquidation of the Company. Class A Unit holders will also have preemptive rights to acquire any additional equity securities of the Company, in proportion to their ownership interests. See “The Operating Agreement.”

Management believes that ReadOz is well structured technologically, administratively, and from a marketing and sales perspective to operate profitably as it builds increasing service and product offerings. As future versions of the technology are offered and the digital publishing business grows and matures, the Company may be the target of large private equity players or public markets.

Use of Funds and Financial Forecasts

The following discussion, forecasts, and associated and referenced *pro forma* financial statements (see Exhibit B attached) have been prepared by the Company and are included for the limited purpose of assisting potential investors in analyzing the Company’s future business prospects. The forecasts are based on a variety of assumptions relating to the business of the Company that, while considered reasonable by Management, may not be realized and are subject to significant uncertainties and contingencies, many of which are beyond the Company’s control. There will usually be differences between forecasted and actual results as events and circumstances frequently do not occur as expected. These differences can be material. Under no circumstances should such information or any forecast, projection, *pro forma* statement or similar statement in (or referred to in) this document be construed as a representation or prediction by the Owner, Management, or their agents and representatives that the Company will achieve, or is likely to achieve, any particular results. Each potential investor must make his or her own evaluation of the merits and risks of this opportunity based on his or her own due diligence with respect to the Company. The prospective financial information contained herein (i) has not been prepared for public disclosure and is for internal purposes only, (ii) has not been prepared to comply with published guidelines of the Securities and Exchange Commission or the American Institute of Certified Public Accountants, and (iii) has not been audited, reviewed or compiled by Financial Advisor or by any independent third party except as expressly set forth in the compilation letter prepared by Picker and Associates contained in Exhibit B.

The Company intends to use the proceeds of this offering to fund the continuation of the initial product launch of ReadOz, including the initiation of extensive marketing and sales activity, funding of research and software development initiatives required to complete and introduce future versions of the ReadOz product and service line, and continuation of the branding work initiated in recent months.

The future operating and financial information contained in the forecasts are based on assumptions concerning future events over which the Company may have only partial or no control. The assumptions underlying the forecasts are based on the judgment of the Company. These assumptions are subject to considerable uncertainty due to general economic, financial and industry changes that may result from future events. To the extent that assumed events or trends do not occur, actual financial results may differ materially from those set forth in the forecasts. The forecasted *pro forma* illustrations should be considered in conjunction with “Risk Factors” and the contents of this Memorandum. See “Risk Factors.”

The following is a brief discussion of some of the key assumptions and business and operational plans underlying these forecasts:

1. The Company estimates that there are 50,000 domestic periodical publications. Although size, frequency of publication, and page counts vary significantly, conventional wisdom is that these periodicals account for approximately 600,000 issues of published copy annually. The universe of potential domestic revenue for ReadOz is based on this estimate of 600,000 issues published annually.
2. ReadOz has entered the market by offering three levels of service, each priced on a per issue basis at fees substantially lower (typically at least 20% lower for comparable services) than our competitors. Self Service is limited to basic Internet hosting for digitally published periodicals and is priced at an annual fee of $200-$250 per issue. Full Service, which includes standard hosting services plus a basic package of statistical reporting services and in house issue processing (inserting hyperlinks, videos, etc) is priced at an annual fee of $300-$350 per issue. Custom Service, which includes standard hosting, basic statistical reporting, and marketing features customized to the needs of specific publishers and advertisers, is priced individually, typically in the $600-$700 range. As additional versions of the ReadOz product line are offered, multiple variations on this basic three-tiered product offering will be possible. None of these potential variations and enhancements are considered in the projections.
3. The Company’s business plan contemplates offering a superior hosting site (reader) coupled with underlying software able to deliver uniquely rich and useful market data; all offered at prices generally 20% below that of ReadOz’s primary competitors. Based on the mix of offerings described above, the Company has assumed that, during the first 36 months of operations, 25% of customers will purchase the Self Service package, 50% of customers will purchase the Full Service package, and 25% of customers will purchase the Custom Service package.

The following is the price grid used in ReadOz Media kit:

|  |  |  |  |
| --- | --- | --- | --- |
| **Pricing** | **Self Service** | **Full Service** | **Custom Package**  |
| Hosting | **FREE** | **FREE** | **FREE** |
| Hyperlinking |  | **** | **** |
| Embedded Rich Media  *(audio or video)* |  | *****(3 per issue)+* | *****(3 per issue)+* |
| Statistics (10 Reports) |  | **** | **** |
| Reformatting |  | **** | **** |
| Widget Tool *(8 styles available)* | **** | **** | **** |
| Custom Widget *(embedded into your website)* | **** | **** | **** |
| Archiving | 3 years included, regardless of traffic | Unlimited | Unlimited |
| Featured Advertisement Page | **** | **** | **** |
| **Readership/Effectiveness Research Survey (2 per year)** |  | **** | **** |
| Readership Reserach Incentive Panel |  |  | **** |
| Readership Research Ad Effectiveness Survey |  |  | **** |
| Automated Reader Service |  |  | **** |
|   **COST** | **$200** *per 75 page issue* | **$300**  *per 75 page issue* |  **As Quoted** |
|  | **$275** *per 76+ page issue* | **$350** *per 76+ page issue* |  |
| **SUBSCRIPTION SALES** | **Subscription sales are available through a revenue share agreement** |
| All costs are on a per issue basis. + $85 for each additional video/ audio filePrices subject to change with 30 days notice |

1. Based on the foregoing, ReadOz’s *pro forma* can be expressed as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Profit & Loss** | **2010** | **2011** | **2012** | **2013** |
| **Revenues** |  |  |  |  |  |
| Hosting Sales |  | 670,450 | 1,823,800 | 3,461,425 | 6,897,275 |
| Subscriptions (rev share) |  | 17,770 | 49,740 | 94,403 | 188,108 |
| Directory Sales |  | 0 | 240,000 | 552,000 | 840,000 |
| Ad Sales\* |  | 19,116 | 59,688 | 113,283 | 225,729 |
| **Total Revenues** |  | **707,336** | **2,173,228** | **4,221,111** | **8,151,112** |
|  |  |  |  |  |  |
| **Cost of Sales**  |  |  |  |  |  |
| Servers (Hosting fees, bandwidth, service) |  | 108,000 | 120,000 | 132,000 | 144,000 |
| Support |  | 36,000 | 72,000 | 96,000 | 120,000 |
| **Total Cost of Sales** |  | **144,000** | **192,000** | **264,000** | **264,000** |
|  |  |  |  |  |  |
| **Gross Profit** |  | **563,336** | **1,981,228** | **3,957,111** | **7,887,112** |
|  |  |  |  |  |  |
| **Expenses** |  |  |  |  |  |
| Sales People |  | 105,000 | 325,984 | 633,167 | 1,222,667 |
| Marketing |  | 31,517 | 130,394 | 253,267 | 489,067 |
| Development |  | 26,264 | 108,661 | 211,056 | 407,556 |
| General & Administrative |  | 36,264 | 108,661 | 211,056 | 407,556 |
| **Total Expenses** |  | 199,045 | 673,701 | 1,308,544 | 2,526,845 |
|  |  |  |  |  |  |
| **Operating Income (Loss)** |  | **543,431** | **1,307,527** | **2,648,566** | **5,360,267** |

1. The *pro forma* is based on the assumption of imminent investment that would allow the company to complete automation of all processes involved in publishing, hosting, and updating of digital publication. Upon completion, the company will be able to operate in with minimal operating costs. We have proven the feasibility of this model by developing the platform at a cost that was 15-20 times lower than the competition and we plan on extending this model into future operation.
2. Projections for sales assume that the Company will be able to attain a 2.7% of market penetration within the first 36 months of operation (with incremental increases in market share during the entire period). This total would represent about 1,365 publications, about half of the total number of publications currently hosted by the market leader (Zinio). In view of ReadOz’s significant price and technology advantages over Zinio, and in light of general market trend moving towards digital publishing, the Company believes these assumptions to be conservative and not based on converting any of the current Zinio business.
3. Initial sales were delivered in 2008 through existing publishing contacts and sales leads generated by Intergam staff. The Company hired a dedicated sales staff in May 2009. The Company is in late stage negotiations with a publisher of 60 B2B magazines to serve as ReadOz’s flagship customer. With delivery of a fully functional operating website of ReadOz within the past six months, the pace of sales presentations and introductions to other publishers, particularly in ReadOz’s target group of small and mid-sized B2B publishers, has substantially increased.
4. Projected revenues assume (i) continuation of aggressive programming and development activity to deliver versions 3-10 of the ReadOz product line, (ii) an investment in advertising, trade show marketing, direct sales, and other marketing and branding activities to establish ReadOz as the premier brand in digital publishing for periodical publishers, and (iii) initial sales, marketing, and branding in European markets.

ServicesAgreement

The Company has entered into a Services Agreement with Intergam Online, whereby Intergam Online will furnish the Company with certain facilities related services, for which the Company will pay a fee generally commensurate with Intergam Online’s cost to provide such facilities and services. The Services Agreement may be terminated by either party upon sixty (60) days written notice. The Company intends to keep the Services Agreement in effect until such time as it is economically practical for the Company to operate its own office facility.

The Company believes that the Services Agreement provides for payment to Intergam Online at rates that represent the reasonable cost for the facilities and services provided. However, the Services Agreement was not negotiated at arm’s length and may not reflect terms or conditions that would exist were the agreement between two unrelated parties.

The Operating Agreement

The Operating Agreement of the Company is attached hereto as **Exhibit A**. It is recommended that each prospective investor carefully read the entire Operating Agreement. The following briefly summarizes or describes the effect of certain provisions of the Operating Agreement. All statements made below and elsewhere herein relating to the Operating Agreement are qualified in their entirety by the Operating Agreement. Undefined capitalized terms used in this section of the Memorandum have the same definitions as those terms appearing in the Operating Agreement.

Business Purpose; Overview of Business

The Company may engage in any lawful business permitted by the Illinois Limited Liability Company Act or the laws of any jurisdiction in which the Company may do business. The principal business of the Company is described above under “About the Company.”

Classes

There will initially be two classes of Membership Interests, Class A Units and Class B Units. Each unit of Membership Interests is referred to as a “Unit.” The Manager of the Company shall have the right, without consent of the Members, to issue additional classes of equity securities, provided that no more than 2,000,000 Class A Units may be issued, and further provided that the interest of Class A Units, in the aggregate, may not be reduced to less than 20% of the voting power and/or rights to net income of the Company. Class A Units will have the right to preferred distributions upon any liquidation of the Company in an amount equal to their capital contribution less sums previously distributed to them. Class A Unit holders will also have preemptive rights to acquire any additional equity securities of the Company, in proportion to their ownership interests, except for any equity securities issued to employees, managers or consultants of the Company pursuant to a *bona fide* equity incentive plan.

Capital Contributions

Each Member is required to make a Capital Contribution for such Member’s Units unless the Units are issues in connection with an equity incentive program. No Member may be required to make any additional capital contribution or loan to the Company, or to make any payment in satisfaction of any liability of the Company. No Member has the right to withdraw any Capital Contribution prior to the dissolution of the Company.

Distributions in General

Although the Manager’s current intent is to make distributions sufficient to allow the Members to pay any tax liability that may be imposed on the Members’ shares of taxable income generated by the Company from such distributions, the Company is not required to do so.

Except for distributions of proceeds from liquidation of the Company, the amount and timing of all distributions permitted under the Operating Agreement generally will be determined in the sole discretion of the Manager. Any such distributions of Company Net Cash Flow will be distributed to the Members in proportion to the number of Units held by such Members.

Liquidating Distributions

Upon the occurrence of a liquidating event, the assets of the Company will be liquidated and the proceeds of liquidation will be distributed (after the payment of all debts and liabilities of the Company, all expenses of liquidation, and the setting up of any reasonable reserves for liabilities of the Company) to the Members in accordance with positive capital account balances after taking into account all required allocations and all other required capital account adjustments. Class A Unit holders shall be entitled to receive a distribution equal to the amount of their initial capital contribution, less the amount any distributions previously made to such Unit holder, prior to any distribution to any other equity holder of the Company.

Allocations of Net Income

In general, after any special allocations required under the Operating Agreement, 20% of the Net Income of the Company will be allocated to the Class A Units, as a Class, and allocated within such Class to Class A Members in proportion to the number of Units held by such Members.

Allocations of Net Loss

In general, after any special allocations required under the Operating Agreement, 20% of the Net Loss of the Company will be allocated to the Class A Units, as a Class, and allocated within such Class to Class A Members in proportion to the number of Units held by such Members.

Allocations of Taxable Income, Tax Loss and Tax Credit

Taxable Income and Tax Loss generated by the Company generally will be allocated to and among the Members in proportion to the allocation of corresponding items of Net Income and Net Loss. All items of tax credit will be allocated in a manner that the Manager determines to be consistent with the requirements of Treasury Regulations Section 1.704-1(b)(4)(ii).

Management

The Company will initially be managed by a single Manager, Alex Shchekin. The Manager can be removed only by a vote of Members holding at least two-thirds (2/3) of the outstanding Units. Following the conclusion of the offering, affiliates of Mr. Shchekin will own a majority of the Units.

Except for any situations in which the approval of the Members is required under the Operating Agreement or by law, the Manager generally will have full and complete authority, power and discretion to manage and control the business, affairs and property of the Company, to make all decisions regarding those matters, and to perform all acts customary or incident to the management of the Company’s business.

The Manager may have other business interests and engage in activities in addition to those relating to the Company, even if those interests or activities are in direct competition with the Company, and neither the Company nor any other Member will be entitled to share in such interests or activities or the income or proceeds therefrom.

Special Provisions Relating To Intergam Personnel Inherent Conflict of Interest

The Members expressly agree that the Manager may continue to be employed by and perform services for Intergam, notwithstanding the fact that the Company is engaged in business transactions with Intergam and such transactions may not be on an arm’s length basis, and the existence of any conflict of interest arising from any of the foregoing, will not be, and will not for any purpose be treated by any Member as, a violation by the Manager of any duty of loyalty or of any fiduciary duty or of the Operating Agreement.

Resignation and Removal of the Manager

The Manager will hold office subject to the right of the Members to remove the Manager upon the affirmative vote of Members holding at least two-thirds (2/3) of outstanding Units.

In the event of any vacancy in the office of a Manager arising from removal or resignation of the Manager, the Members shall elect a successor Manager by vote of Members holding a majority of the outstanding Units. A Manager may resign at any time by giving thirty (30) days advance written notice to the Members and the Company.

Indemnification and Exculpation of the Manager

The Manager generally will not be liable to the Company or any Member for any expenses, damages or losses arising out of the Manager’s performance of duties for or on behalf of the Company, unless the Manager engages in intentional misconduct or knowing violation of law or receives an illegal personal benefit. The Company generally will indemnify the Manager (and certain other Persons) against expenses, judgments, fines and amounts paid in settlement reasonably incurred by the Manager in connection with any threatened, pending or completed suit, action or proceeding, to the extent the Manager acted in good faith and in a manner reasonably believed to be in the best interests of the Company.

Expenses and Fees of the Manager

The Manager will be entitled to reimbursement for all out-of-pocket expenses reasonably incurred by the Manager for the direct benefit of the Company (unless reimbursed to Intergam pursuant to the Management Agreement).

Meetings of Members and Voting

Meetings of the Members may be called by the Manager. Meetings of the Members also will be called upon the request of Members owning 20% or more of the outstanding Units. Notice of any such meeting must be given to the Manager and all Members not less than 30 days or more than 60 days prior to the date of such meeting. Each Member may appear at a meeting in person or by proxy. Members may also participate in any meeting through the use of a conference telephone or similar communications equipment.

Where the Operating Agreement requires approval by Members, the affirmative vote of Members holding a majority of the Units will be the act of the Members, unless the vote of a greater or lesser proportion or number is otherwise required by the Act, by the Articles of Organization or by the Operating Agreement.

Restrictions on Transferability of Units

In general, no Member may Transfer by any means whatsoever all or any part of such Member’s Membership Interest without both (i) compliance with various requirements set forth in the Operating Agreement, and (ii) the prior written approval of the Manager, which may be withheld in the sole discretion of the Manager. The Manager’s approval generally is not required, however, for Transfers to a trust created by the Member as to which such Member has retained the power to obtain the return of such interests, which power is either unrestricted or is subject only to the consent of the trustee of such trust. The Transferring Member shall be obligated to indemnify the Company and the remaining Members against any and all loss, damage, or expense (including, without limitation, tax liabilities or loss of tax benefits) arising directly or indirectly as a result of such Transfer. Any attempted Transfer of a Membership Interest, or any part thereof, not in compliance with the Operating Agreement will be null and void.

A Member will not have the right to resign as a Member of the Company prior to the dissolution and winding up of the Company without the prior written consent of the Manager.

Dissolution and Liquidation of the Company

The Company will dissolve and commence winding up and liquidating upon (i) the consent of the Manager and Members holding a majority of the Units outstanding; (ii) an event that makes it unlawful for all or substantially all of the business of the Company to be continued (but any cure of illegality within ninety (90) days after notice to the Company of the event is effective retroactively to the date of the event for these purposes); (iii) entry of a decree of judicial dissolution; or (iv) the sale, abandonment, or other disposition by the Company of all of its assets and the cessation by the Company of all business activity.

Tax Matters Partner

Alex Shchekin is designated the “Tax Matters Partner” (as defined in Code Section 6231), and is authorized and required to represent the Company (at the Company’s expense) in connection with all examinations of the Company’s affairs by tax authorities, including, without limitation, administrative and judicial proceedings, and to expend Company funds for professional services and costs associated therewith. The Tax Matters Partner shall cause the preparation and timely filing of all tax returns required to be filed by the Company pursuant to the Code and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business. The Tax Matters Partner may adopt any permitted method of tax accounting (including any allocation method permitted under Section 704(c) of the Code) and any permitted taxable year, and may make and/or revoke any and all elections for federal, state and local tax purposes, including, without limitation, any election if permitted by applicable law to adjust the basis of property pursuant to Sections 754, 734(b) and 743(b) of the Code, or comparable provisions of state or local law in connection with transfers of Membership Interests and distributions of assets.

The Tax Matters Partner may, where permitted by the rules of any taxing jurisdiction, file a composite, combined or aggregate tax return or group tax return reflecting the income of the Company or any group of Members; may act as or designate another person to act as the group agent with respect to any group return and on behalf of any Members with respect to whom a group return is filed; and may take or cause the Company to take all other actions that the Tax Matters Partner deems necessary or appropriate in connection with such composite, combined or aggregate tax returns or group tax returns or taxes reflected or required to be reflected therein.

Risk Factors

The Company has limited operating history; the related business has a limited operating history

As the Company is in the formative stage, we do not have a long operating history upon which prospective Members may judge its performance and prospects. Our operations and business are subject to the risks of an early stage company with no current revenues. The ReadOz business is an existing business unit, but has not operated as a separate entity and therefore its past performance, or the past performance of Intergam, is not a guarantee of future results. Economic conditions, and the facts and circumstances concerning each property in which the Company invests in the future, may produce materially different results. In this developmental stage, costs to date have been incurred by Intergam in order to develop the intellectual property, create the legal entity, and prepare the company for this offering. Costs incurred are to be paid back to Intergam with the transfer of the intellectual property to ReadOz.

The success of the Company may depend upon its ability to obtain additional equity financing

The Company’s business is anticipated to require additional capital investment in the future. If the Company is unsuccessful in raising sufficient funding, the Company may not be able to complete the activities contemplated in its business plan. In any such case, the Company may not be able to achieve the targeted level of positive return on its investment. In some cases, the Company could even fail to achieve a return of Members’ capital contributions.

Failure to raise the maximum amount of this Offering will reduce the amount of cash reserves available to the Company and may delay implementation of the Company’s business plan, slowing the development of the Company’s products.

Additional rounds of equity financing will result in dilution of the Members’ voting rights (but not below 20% in the aggregate for Class A Units issued pursuant to this Offering) unless Members exercise their preemptive rights to acquire new equity.

The success of the Company will be affected by the ability of the Manager to operate the business profitably and gain market acceptance of our products

Intergam has spent considerable time in discussion with market authorities to gain potential acceptance of the processes once introduced into the marketplace. We have formulated our business plan and strategies based upon certain assumptions related to the desires of publishers to release their content digitally, for readers to want to read their content digitally, and for publishers wanting to improve the marketing capabilities for their advertisers. Our assessments regarding market size, market share, and or market acceptance may prove to be incorrect and is therefore a risk factor related to this investment. Online readership has been evolving for the past few years and is certain to continue to grow as generations having grown up with computers are much more tuned in to digital content and digital viewership and readership. Responding to the current demand and creating one to one marketing opportunities for advertisers as called for in our business plan carries with it a risk of acceptance which we are comfortable with, but it does remain a risk for investors. Envisioning the future is riskier and while the plan allows for midcourse changes and corrections, the underlying assumptions about our versions and the future environments are inherently more risky then today’s assumptions and analysis. The business model presents our view of the industry and its ability to sustain our operations and growth. However, underlying assumptions about industry pricing practices, industry demand, technological changes, and other business factors may affect results and have a material impact on profits or losses.

The success of the Company depends heavily on Mr. Shchekin.

Alex Shchekin has been the driving force behind the business of the Company. Mr. Shchekin serves as the sole Manager of the Company. He does not have an employment agreement in place with the Company, and the Company does not have key man life insurance in place. If Mr. Shchekin dies, becomes disabled, or otherwise ceases to provide services for the Company, the business of the Company could be adversely affected and could fail entirely if the other members of the management team are unable to perform in his role or if a suitable replacement is not found.

Mr. Shchekin has additional responsibilities as an employee of Intergam, and the Operating Agreement specifically permits him to engage in outside business activities. To the extent he is required to perform other duties, his availability to perform services for the Company could be reduced, which would have a material adverse impact on the business of the Company..

The ability of the Company to operate profitably depends upon the continued economic health of our targeted industries

The Company’s market is focused on the publishing industry. The continued economic health of the publishing industry will drive the amount of funds available to invest in new technologies, such as those we offer. A downturn or consolidations in the industry could reduce demand for our products.

The investors may be allocated taxable income without corresponding cash distributions

Because the Company will pass through items of income and loss to its Members, taxable income received by the Company will be allocated to its Members in proportion to their ownership interest, regardless of whether equivalent cash distributions are made to the Members. The Company anticipates using all or a significant portion of its net income to reinvest in product development and expansion, and the Company is not obligated to make any distributions of net income to Members, even to satisfy federal and state income tax liabilities. Accordingly, Members will need to have sufficient cash from other sources to satisfy income tax liabilities imposed upon net income generated by the Company, without regard to any cash distributions by the Company.

We will need to protect and continuously improve our intellectual property

Our success will depend not only on the market reaction to our services but also on upholding our intellectual property rights. Our plan will be to continually evolve the intellectual property to forestall competition and our plan for versioning the software is expected to keep us ahead of the competition. However, this does not preclude the competition from trying. Legal action to protect intellectual property can be costly and time-consuming, and could divert management time and funding from other priorities needed for the Company to succeed.

Our intellectual property is complex and well designed and the plan to continuously upgrade it and version it reflects the thinking to keep any competition from leapfrogging us but in the software space, anything and everything can happen and happen quickly. Perceived threats will be responded to as fast as resources will allow. Intellectual property is licensed from Intergam, and the viability of the Company depends upon the performance of the obligations under the License Agreement by both parties.

Affilaites of Alex Shchekin will maintain significant control over the Company

Alex Shchekin will serve as the sole Manager and a Trust controlled by Mr. Shchekin will own a majority of the membership units in the company. Except for certain situations in which the approval of the Members is required under the Operating Agreement or by law, the Manager generally will have full and complete authority, power and discretion to manage and control the business, affairs and property of the Company, to make all decisions regarding those matters, and to perform all acts customary or incident to the management of the Company’s business. Thus, Mr. Shchekin will effectively control the Company. Mr. Shchekin has and intends to continue to welcome key investors to play a pivotal role in decision making and assisting him with making ReadOz a successful venture.

The Company is heavily dependent upon Intergam Online

The Company has in the past been heavily dependent upon Intergam Online for the provision of facilities and services pursuant to the Services Agreement, and will remain dependent (in increasingly lesser degrees) until such time as it is able to establish its own facilities. Failure by Intergam Online to perform any of its obligations under the Services Agreement could have a serious adverse effect on the ability of the Company to remain in business.

Intergam Online and the Manager may have other business interests that are competitive to the interests of the Company

Intergam Online and the Manager may have business interests that are in competition with those of the Company, and the Operating Agreement limits the Company’s rights by waiving, in general, any fiduciary obligations or conflicts of interest.

Indemnification of the Manager

The Operating Agreement of the Company greatly limits the liability of the Manager to the Company and its Members. Further, the Operating Agreement provides for indemnification of the Manager for liability from errors in judgment or certain acts or omissions to the extent the Manager acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal action or proceeding, had no reasonable cause to believe that the conduct was unlawful. A Member may have a more limited right of action against the Manager than the Member would have had in the absence of these provisions.

There are restrictions on the transferability and there is no public market for the Units

The purchase of the Units should be viewed as a long-term investment. The offer and sale of the Units will not be registered under the Securities Act or under any state securities or “blue sky” laws. The Units and are offered pursuant to exemptions from registration that depend in part upon the subscriber’s investment intent. Subscribers will be required to represent that they are purchasing such Units for their own account for investment purposes only and not with a view to resale or distribution. Units will not be transferable without approval of the Manager (which may be withheld in his sole discretion). Consequently, an investor may not be able to liquidate his investment in the event of emergency or for any other reason, and Units may not be readily accepted as collateral for loans. There is no public trading market for the Units and no active or liquid trading market is expected to develop. Accordingly, investors may be required to bear the economic risk of the investment for an indefinite period of time.

There are various tax risks associated with this investment.

Any tax benefits associated with this investment are subject to changes in the tax laws and interpretations thereof by the IRS. Investors must rely solely on the advice of their own tax and legal advisors. The Company will not obtain a ruling from the IRS with respect to any of the tax matters described in this Memorandum, including, but not limited to, the classification of the Company as a partnership for federal income tax purposes. The economic benefits of an investment in the Company depend in part on such classification.

Conflicts of Interest

Conflicts of interest may exist or may arise in the future between the Company (and its affiliates) and the Intergam and/or the Manager and their respective affiliates. Among the possible conflicts of interest, prospective investors should consider that the Manager is presently engaged in other technology, marketing, business and investment activities which may be competitive with the activities of the Company and which may make conflicting demands on the time and resources of the Manager. The Manager recognizes accountability to the Members, and the obligation to act with integrity and good faith in promoting the interests of Members and in complying with the duties and obligations of the Manager set forth in the Operating Agreement, bearing in mind that the Manager, as majority owner of the Company, has a substantial stake in the success of the Company. If the Manager should breach these duties and obligations, Members would be entitled to an accounting and to sue to recover any economic loss occasioned by such breach. However, by subscribing for a membership interest in the Company, all Members acknowledge and agree that the engagement by Intergam, the Manager or affiliates in other management or investment activities that may be competitive with the business activities of the Company does not constitute a breach of duty to the Members or the Company, it being expressly understood and agreed that such parties shall be permitted to engage in such other activities.

Services and License Agreement

The Company believes that the Services Agreement, Intellectual Property Work For Hire, Assignment, and License Agreement set forth fair and reasonable terms that are equivalent to the terms that would have been negotiated between unrelated parties. Nevertheless, such Agreements have not been negotiated between unrelated parties.

Conflicts Regarding Legal Services

The firm of Burke, Warren, MacKay & Serritella, P.C. is acting as counsel to the Company in connection with this Offering and from time to time may provide legal services to the Company, Intergam, Intergam Online, the Manager, and certain of their affiliates and officers in connection with various matters. Investors are not represented by such firm and should consult their legal counsel as to all matters pertaining to their investment in the Units.

**Federal Income Tax Considerations**

**This memorandum, including this summary, was written to support the promotion or marketing of the securities offering described in this Memorandum. The statements made in this summary or elsewhere in this Memorandum are not intended as tax advice, and cannot be relied upon by any taxpayer for the purpose of avoiding penalties that may be imposed upon the taxpayer. Each taxpayer should seek advice based upon the taxpayer’s particular circumstances from an independent tax advisor.**

The following is a summary of material federal income tax issues pertaining to an investment in Units by an individual citizen of the United States who will hold such Units as “capital assets” within the meaning of Section 1221 of the Code. This summary is based upon the anticipated activities of the Company. This summary does not, and is not intended to, discuss every possible federal income tax consequence or issue. This summary does not discuss federal alternative minimum income tax issues or consequences, state or local tax issues or consequences, or issues or consequences pertaining to taxes other than income taxes. This summary does not discuss any of the special tax issues and consequences applicable to investors that are corporations or other entities, or to individual investors who are dealers in securities, who hold the Units as part of a hedging or conversion transaction or straddle or constructive sale transaction, or who are nonresident aliens for federal income tax purposes.

The federal income tax consequences of an investment in Units are complex and subject to varying interpretations, and may vary significantly between investors depending upon factors specific to each investor. EACH INVESTOR SHOULD CONSULT WITH AND RELY SOLELY UPON HIS OR ITS OWN ADVISORS WITH RESPECT TO THE TAX EFFECTS OF AN INVESTMENT IN UNITS.NO REPRESENTATIONS OR ASSURANCES ARE GIVEN THAT ANY SIGNIFICANT AMOUNT OF TAX SHELTER OR DEDUCTIONS OR OTHER FEDERAL INCOME TAX BENEFITS DESCRIBED HEREIN WILL BE AVAILABLE TO INVESTORS IN UNITS IN THE CURRENT YEAR OR FUTURE YEARS.

This summary has been prepared by the Manager based on the law in effect on the date of this Memorandum, including the Internal Revenue Code of 1986, as amended (the “Code”), regulations promulgated under the Code (the “Regulations”), published rulings of the IRS and court decisions. The statements contained in this summary are not binding on the Internal Revenue Service (the “Service”), however, and it is possible that the Service could disagree with some of the statements contained in this summary and could successfully challenge tax positions that may be taken by the Company based on such statements. Moreover, the Code grants to the Service significant authority to create interpretive and legislative Regulations, which Regulations have not yet been issued. Furthermore, future changes in the law could be retroactively applied to transactions occurring prior to the date of such changes.

Partnership Status of the Company

The Company has been organized as a limited liability company under the laws of the State of Illinois. Regulations §301.7701-3(b) provides, in part, that a “domestic eligible entity,” such as the Company, is a partnership for federal tax purposes if it has two or more members and has not made an election to be classified as a corporation.

Code Section 7704 further provides that a “publicly traded partnership,” as defined in Code Section 7704, is taxed as a corporation unless 90% or more of its income constitutes “qualifying income.” Qualifying income is defined as generally including interest, dividends, real property rents, gain from the disposition of real property, gain from the disposition of capital assets or property described in Section 1231(b) of the Code, and income and gains from certain natural resource activities. The Regulations issued under Code Section 7704 state that a partnership will not be treated as publicly traded if interests in the partnership are not traded on an established securities market, all interests in the partnership were issued in a transaction not required to be registered under the Securities Act of 1933, and the partnership has 100 or fewer partners at all times.

The Manager represents that the Company will not elect or take any other action causing the Company to be taxed as a corporation, no Units or any other equity interests or equity-based interests in the Company will be traded on an established market, and neither the Manager nor the Company will facilitate the creation of the equivalent of a secondary market for equity interests or equity-based interests in the Company by providing readily available liquidity opportunities. The Manager further represents that no Units or any other equity interests or equity-based interests in the Company will be issued in a transaction required to be registered under the Securities Act of 1933, and that the Company will have fewer than 100 members at all times.

Many of the tax benefits from an investment in the Units depend upon the Company’s being classified as a partnership for federal income tax purposes rather than as an association taxable as a corporation, and upon the Company’s not being taxed as a corporation. NO TAX RULING WILL BE SOUGHT FROM THE SERVICE AS TO THE TAX STATUS OF THE COMPANY AS A PARTNERSHIP OR AS TO THE TAX TREATMENT OF THE COMPANY.

If the Company were classified as an association taxable as a corporation, or taxed as a corporation, all items of income, gain, loss, deduction and credit of the Company would be included only on its corporate tax returns and would not be passed through to the Members. In such case, the Company would have to pay income tax on its income, thereby reducing the cash available for distribution to the Members. Additionally, losses and deductions from the Company could not be utilized to offset income from other sources on the Members’ individual tax returns, and cash distributions to the Members would be treated as dividends to the extent of current or accumulated earnings and profits of the Company. The effect of the foregoing likely would be to substantially reduce the effective yield on an investment in Units. Furthermore, such a change in the status of the Company for federal income tax purposes in the future could under some circumstances be treated by the Service as a taxable event, in which event the Members could have tax liability without receiving a cash distribution from the Company to enable them to pay their increased tax liability.

The remainder of this summary of federal income tax consequences is based on the assumption that for federal income tax purposes the Company will be classified as a partnership, and not taxed as a corporation, throughout the existence of the Company.

Taxation of Members in General

For federal income tax purposes, a limited liability company that is classified as a partnership other than a publicly traded partnership is not a taxable entity. Instead, each member must report his allocable share of taxable income or tax loss generated by the company, regardless of whether the company makes cash distributions to such member during the tax year. The character of the tax items generated by the limited liability company is generally determined at the entity level, and each member generally must report in a manner consistent with such characterization.

A Member generally may utilize his allocable share of any tax losses generated by the Company only to the extent such share does not exceed his basis or his amount “at risk” and only to the extent such utilization is not prohibited under the passive loss rules of Code Section 469 or the capital loss limitation rules of Code Section 1211.

A Member’s initial tax basis in his Units is the amount of cash and the adjusted basis of property contributed by the Member to the Company. A Member’s tax basis is thereafter increased by: (i) any additional cash contributions he makes or is deemed to make (including deemed contributions equal to the amount of any increases in the Member’s share of Company liabilities); and (ii) his allocable share of the Company’s taxable income. A Member’s basis in his Units is decreased by his allocable share of the Company’s tax losses and deductions and any distributions made or deemed to have been made (including deemed distributions equal to the amount of any decreases in the Member’s share of Company liabilities) to the Member as a result of his ownership of his Units.

Under Code Section 465, a Member is generally considered “at risk” for the amount of money and the adjusted basis of the property he contributes to an activity, plus any amounts borrowed for use in the activity to the extent the Member is liable for the repayment of such amounts (or, in certain cases, has pledged property as security for such borrowed amounts), plus the Member’s share (as determined under Code Section 752) of any “qualified nonrecourse financing” (as defined in Code Section 465) of the Company which is secured by real property used in the activity.

The loss limitation rules of Code Section 469 provide that a Member generally may deduct losses or use credits from a passive activity only against income from that or other passive activities, but not against wages, salaries or other amounts earned as compensation for personal services rendered, business income, “portfolio income,” or “non-passive” income as defined in the Regulations. Portfolio and “non-passive” income earned within an activity (as defined in Code Section 469) generally cannot be offset by passive losses, including passive losses produced in the same activity or by the same entity.

Passive income includes income from activities constituting a trade or business or the rental of property, for persons who are not actively involved in the conduct of such trade or business or materially involved in the rental activity.

Portfolio income or loss includes: (i) gross income from interest, dividends, annuities and royalties not derived in the ordinary course of a trade or business, less the expenses allocable thereto; and (ii) gain or loss, not derived in the ordinary course of a trade or business, attributable to the disposition of property producing the type of income described in clause (i) or property otherwise held for investment. It is possible that the Company could allocate to the Members portfolio income and passive loss in the same tax year, in which case the passive loss could not be used to offset the portfolio income on the Members’ federal income tax returns. Expenses that are clearly and directly allocable to portfolio income give rise to portfolio deductions, which deductions may be claimed by a taxpayer only to the extent they exceed 2% of the taxpayer’s adjusted gross income. (See “Deductibility of Fees Incurred by Company and Interest on Company Debt” in this Section.)

Capital losses may be offset against capital gain income, but the capital loss limitation rules of Code Section 1211 provide that the amount of ordinary income against which an individual may deduct net capital losses is limited in each year to the lesser of taxable income or $3,000. Corporate taxpayers may not offset capital losses against ordinary income.

Taxation of Cash Distributions

Cash distributions, either actual or deemed (as described below), from the Company to a Member reduce that Member’s tax basis in his Units. Such cash distributions generally do not trigger federal income taxation of the Member unless (or until) the amount of the distribution exceeds the Member’s basis in his Units, provided that such actual or deemed cash distributions do not reduce a Member’s share in any “unrealized receivables” or “substantially appreciated inventory” of the Company. Any actual or deemed cash distributions (other than actual or deemed cash distributions that reduce a Member’s share in any “unrealized receivables” or “substantially appreciated inventory” of the Company) in excess of a Member’s basis will be taxable to such Member as though it were gain on the sale or exchange of his Units.

Under the “at risk” rules of Code Section 465, cash distributions will trigger the recognition of income if such distributions exceed the amount such Member has “at risk” in the Company.

Under Code Section 751, an actual or deemed cash distribution to a Member may be taxable to the Member if that distribution reduces the Member’s share of any “unrealized receivables” or “substantially appreciated inventory” of the Company.

Under Code Section 752, a Member is deemed to receive a cash distribution to the extent his share of Company liabilities declines, and is deemed to have made a cash contribution to the extent his share of Company liabilities increases.

No representations or assurances are given that the Company will make any cash distributions, or that the Company will distribute cash sufficient to allow the Members to pay the income tax imposed on their shares of the Company’s taxable income.

Limitation on Deductibility of Interest on Member Debt

The Code imposes limitations on the deductibility of all interest other than interest incurred in connection with the taxpayer’s trade or business or on indebtedness secured by the taxpayer’s primary or secondary residence. Interest incurred for personal purposes is not deductible, while interest incurred to purchase or carry property for investment (“investment interest”) is deductible to the extent of net investment income. The Regulations provide that the characterization of interest expense as investment interest, a component of passive income/loss or a nondeductible payment, is determined on the basis of the use of the borrowed funds. Therefore, if the Company were to refinance indebtedness and distribute proceeds from such refinancing to the Members, the characterization of the interest paid on the refinanced indebtedness could depend upon the manner in which the Members use the distributed proceeds.

Interest expense incurred in the conduct of a passive activity is not considered investment interest, but instead is generally considered a deduction that decreases the passive income or increases the passive loss from the activity. Interest expense incurred in acquiring an interest in a passive activity, including interest expense that a Member incurs by borrowing to acquire Units, will be treated as part of the Member’s passive income or loss, except that the portion, if any, of such interest expense which is attributable to portfolio income will be treated as investment interest. It is anticipated that a portion of the income generated by the Company will be portfolio income. Therefore, if any Member borrows to acquire his or her Units, a portion of that Member’s interest expense may have to be treated as investment interest.

Each Member should consult its own tax counsel regarding the deductibility of interest with respect to any debt incurred to carry or acquire Units or with respect to any debt proceeds distributed to such Member.

Allocations of Profits or Losses to Incoming Members

The Operating Agreement of the Company provides that profits and losses for any period will be apportioned among the Members according to the number of Units owned by each Member during that period. The Company’s allocations of profits and losses among the Members are intended to comply with Section 706 of the Code.

Allocations of Profits and Losses

Under Code Section 704(b)(2) and the Regulations thereunder, an allocation of tax items pursuant to a limited liability company operating agreement will be respected if the allocation has substantial economic effect or if, taking into account all facts and circumstances, the allocation is in accordance with the members’ interests in the limited liability company. Allocations of profits and losses generally will be treated as having economic effect only if they meet a three-part test set forth in the Regulations. The economic effect of an allocation will be substantial “if there is a reasonable possibility that the allocation (or allocations) will substantially affect the dollar amounts to be received” by the members from the limited liability company, independent of tax consequences. If allocations of losses and deductions would cause a member to have a capital account balance deficit in an amount greater than the amount such member is obligated to restore, and, therefore, such allocations would not have substantial economic effect, the Regulations indicate that such losses and deductions should be allocated to the members who bear the risk of loss on such items. If the allocation of tax loss actually affects the distribution of liquidation proceeds, then the allocation is in accordance with the members’ interests in the partnership.

The Company will allocate its tax items in accordance with the terms of the Operating Agreement, the provisions of which are intended to allocate tax items among the Members in the same proportion that the Members receive from the Company the benefits of the corresponding economic items. Furthermore, the Operating Agreement provides that the Manager may at any time make a special allocation of Net Income and/or Net Loss to the extent necessary to ensure that each Member’s Capital Account will have a positive balance equal to the amounts distributable to such Member. Based on the terms of the Operating Agreement, the intent underlying these provisions and the expected activities of the Company, it appears that allocations to Members of tax items that do not cause or increase deficit balances in any Member’s Adjusted Capital Account should be respected. Moreover, it is anticipated that the Members will not have negative Adjusted Capital Account balances. Therefore, the allocations of tax items among the Members should be respected.

Deductibility of Fees Incurred by Company and Interest on Company Debt

Code Section 162 generally allows a deduction for ordinary and necessary business expenses that are reasonable in amount, whether paid to affiliated or unaffiliated parties. The Company will claim deductions for various fees and expenses that it pays to affiliated and unaffiliated parties in connection with its activities. It is possible, however, the Service could challenge some of these claimed deductions on various grounds, including by arguing that some fees exceed the reasonable value of the services performed, some deducted amounts constitute organizational expenses (which are not immediately deductible, but may be amortized and deducted over a period of not less than 60 months if an election is timely made), and some deducted amounts are related to the acquisition of Company assets and therefore should be added to the Company’s basis of such assets. If the Service were to prevail in asserting any or all of the arguments identified above, the Members’ taxable income would increase (or their tax losses and deductions would decrease).

An individual Member may deduct miscellaneous itemized deductions only to the extent that the aggregate amount of such deductions from all sources, including the Company, exceeds 2% of that individual’s adjusted gross income. A portion of the deductions claimed by the Company may be considered attributable to portfolio income generated by the Company, and therefore may be treated as miscellaneous itemized deductions subject to the 2% floor. Therefore, each Member’s ability to claim deductions generated by the Company may depend in part upon the specific tax situation of such Member.

Taxation of Company Activities

It is anticipated that income or loss from day-to-day operations will be characterized as predominantly ordinary income or loss, although all or a portion could be treated as capital gain or loss depending upon various factors. Such loss is expected to be characterized as predominantly passive loss.

Gain or loss realized by the Company upon a sale or exchange of assets will be measured by the difference between (i) the “amount realized” by the Company on the sale or exchange and (ii) the Company’s adjusted tax basis in the property sold. In addition to cash received, the amount realized includes the principal amount of any debt from which the Company is relieved as a consequence of the sale or to which the property was subject.

Gains from the sale of a capital asset or “Section 1231 Property” generally will be taxed at capital gain rates (including a special 25% rate applicable to gain attributable to certain unrecaptured depreciation), except to the extent of depreciation recapture and non-recaptured net Section 1231 losses which may be taxed at ordinary income rates. Gains from the sale of other assets generally will be taxed at ordinary income rates.

Real property or depreciable property which is used in a trade or business and which has been held for more than one year generally will qualify as “Section 1231 Property.” If the Company engages in a taxable sale of property more than one year after the Company acquired the property, gain recognized on such sale generally should be taxed at capital gain rates, although all or a portion could be treated as ordinary income depending upon the amount of depreciation recapture and various other factors.

Gain from a sale of accounts or notes receivable, inventory or property held primarily for sale to customers in the ordinary course of a trade or business generally will be taxed at ordinary income rates.

Sale or Transfer of Units

Gain recognized by a Member, who is not a “dealer” in securities or partnership (or limited liability company) interests, on the sale of a Unit that has been held for more than twelve months generally will be treated as long-term capital gain, except that the portion, if any, of the amount realized by the selling Member which is allocable to the Member’s share of the Company’s “inventory items” or “unrealized receivables,” as defined in Code Section 751 (“Section 751 Property”), will be treated under Code section 751(a) as an amount realized from a sale of property which is not a capital asset. Therefore, the selling Member could be required to recognize a combination of ordinary income or loss and capital gain or loss. For example, if the sale of a Unit produces an overall loss, the selling Member nevertheless could be required to recognize a combination of ordinary income and capital loss.

The Regulations require the Company to file an informational return if there is a sale or exchange of any interest in the Company subject to Code Section 751(a). Code Section 6050K requires the transferor Member to promptly notify the Company of the transfer, and the Company is then required to furnish a notice to each transferor and transferee, which notice (Form 8308) will be attached to the Company’s informational tax return (Form 1065) each year.

The transfer of Units by gift causes various tax consequences that should be discussed with the tax advisors for the grantor and the recipients prior to the completion of the gift.

Section 754 Election

The Company may, but is not required to, file an election under Code Section 754. The Company’s decision to make or not make an election under Section 754 could cause Transferees of Units to recognize more taxable income or less tax loss (or less taxable income or more tax loss) while holding those Units, and could effectively cause income or loss to be converted from ordinary to capital (or from capital to ordinary), depending upon the facts and circumstances applicable to the Company and the Transferee at the time of the Transfer. Transferees of Units, including those who receive Units as a gift, should consult their tax advisors.

Partnership Tax Returns and Tax Information

The tax return filed by the Company, or by an entity in which the Company owns an equity interest, may be audited by the Service. Adjustments (if any) resulting from such an audit could result in an audit of Members’ returns. Any such audit of Members’ tax returns could result in adjustments to both Company-generated and other items of income, gain, loss, deduction or credit.

The Code generally provides that Company income, gain, loss, deduction and credit reported by Members can be adjusted only through a unified proceeding, rather than through separate proceedings with each Member. Code Section 6223 provides for certain notice requirements of the unified administrative proceeding and the right of certain Members to participate in the proceeding including any settlement resulting therefrom. Alex Shchekin will be the “tax matters partner.” The tax matters partner may enter into settlement agreements that may be binding on non-notice Members. The tax matters partner also has the authority to extend the statute of limitations for assessment as to all Members and to determine the judicial forum in which the Service’s proposed adjustment will be litigated. If the Tax Court is not chosen as the litigation forum, the Service can assess a proposed deficiency immediately against all Members. Failure of the tax matters partner to keep each Member informed of the administrative and judicial proceeding does not affect the applicability or adjustment to the Members that do not receive notice.

Members will be charged interest and may be required to pay penalties with respect to any deficiencies assessed by the Service. The Code imposes a variety of accuracy-related penalties, including penalties related to underpayment of tax resulting from negligence or disregard of the rules and Regulations or substantial valuation overstatements.

Registration with the Service

The Manager does not intend to register the Company with the Service under Code Section 6111 because the Manager does not expect the Company to be involved in any “reportable transaction” within the ambit of that Code Section.

Other Possible Tax Consequences to Members

The following sections are a summary of certain provisions of the Code that, while they are generally not peculiar to the Company, may affect an investor depending on his individual circumstances, such as, for example, his tax bracket, the amount of his capital gains or losses and the character and type of his other investments.

Miscellaneous Deductions. Section 67 of the Code imposes a limitation on the allowance of miscellaneous itemized deductions. Miscellaneous itemized deductions of non-corporate taxpayers are allowable only to the extent they exceed a “floor” of 2% of a taxpayer’s adjusted gross income. The Regulations prevent Members from indirectly deducting, through the Company, expenses which would not be deductible by reason of the 2% floor if paid or incurred directly by such Members. It is possible that the Service could take the position that some or all of the deductions claimed by the Company for expenses incurred in connection with its activities should be treated as deductions which are subject to the 2% limitation.

Capital Gain and Loss Provisions. Excluding unrecaptured section 1250 gain which is taxed at a maximum rate of 25% and certain other types of capital gain which is taxed at a maximum rate of 28%, the net capital gain (net long-term capital gain less short-term capital loss) of individuals is subject to a maximum marginal federal income tax rate of 15% for long-term gain recognized on or after May 6, 2003 and prior to 2010, and a maximum marginal federal income tax rate of 20% for long-term gain recognized on or after January 1, 2011). Non-dividend ordinary income of individuals is subject to a maximum marginal federal income tax rate of 35.0% for such income recognized on or after January 1, 2003 and prior to 2011. The maximum marginal federal income tax rate for capital gains of a corporation is the same as the maximum marginal federal income tax rate for non-dividend ordinary income of a corporation.

Alternative Minimum Tax. The alternative minimum tax (“AMT”) is imposed on corporate and non-corporate taxpayers to the extent their tentative minimum tax for any year exceeds their regular income tax for that year. The calculation of AMT differs from the calculation of regular tax, including different methods for computing certain deductions (including depreciation) and certain types of income. The AMT generally has the effect of limiting certain benefits under preferential tax provisions of the Code, to insure that high income taxpayers pay at least a minimum amount of income tax. The Company is not subject to the AMT, but any “tax preference items” of the Company are allocated to the Members who must include such items in computing their AMT. The extent to which a corporate or non-corporate Member will be subject to AMT will depend upon the taxpayer’s specific tax situation. Each Member is encouraged to consult his or its own tax advisor regarding the potential effect of the AMT.

Proposed Legislation

In recent years, members of Congress, governmental agencies and the executive branch of the federal government have proposed a number of changes in the federal income tax laws. Such proposals have varied widely in their scope and in their likely effect on taxpayers investing in real property. Some of these proposals would, if adopted, have the overall effect of reducing the tax benefits presently associated with investments in real property. Each investor is urged to consult with his own tax advisor as to the possible effect of tax reform proposals upon his particular tax situation.

State and Local Taxes

In addition to the federal income tax consequences, prospective Members should consider, and consult with their tax advisors regarding, potential state and local tax consequences of an investment in Units. The Company will file Illinois state income tax returns. The Company will be subject to Illinois Personal Property Tax Replacement Income Tax in an amount equal to 1.5% of the Company’s net income as computed for purposes of such tax (excluding the share of Company net income which is distributable to a member of the Company that is a partnership, limited liability company, S corporation or trust that is also subject to Illinois Personal Property Tax Replacement Income Tax). Each Member is required to include the amount it is allocated by the Company on his or her state income tax return in their state of residence. Members who are not residents of Illinois may be required to file Illinois income tax returns.

EACH MEMBER SHOULD CONSULT WITH HIS OR HER TAX ADVISER REGARDING INCOME TAX CONSEQUENCES APPLICABLE UNDER THE TAX LAWS OF ILLINOIS AND OTHER STATES.

Investor Suitability Requirements

#### General

Investment in the Units involves significant risks and is suitable only for persons of adequate financial means who have no need for liquidity with respect to this investment and who can bear the economic risk of a complete loss of their investment. This Offering is made in reliance on exemptions from the registration requirements of the Securities Act of 1933, as amended and applicable state securities laws or regulations.

The suitability standards discussed below represent minimum suitability standards for prospective investors. A prospective investor’s satisfaction of such standards does not necessarily mean that the Units are a suitable investment for such prospective investor. Prospective investors are encouraged to consult their personal financial advisors to determine whether an investment in the Units is appropriate. The Company may reject subscriptions, in whole or in part, in its absolute discretion.

The Company will require each prospective investor to represent in writing, among other things, that:

(i) by reason of his business or financial experience, or that of his professional advisor, he is capable of evaluating the merits and risks of an investment in the Units and of protecting his own interest in connection with the transaction,

(ii) he is acquiring the Units for his own account, for investment only and not with a view toward the resale or distribution of the Units,

(iii) he is aware that the Units have not been registered under the Securities Act or any state securities laws and that their transfer is restricted by the Securities Act, applicable state securities laws, and the purchase agreement to be entered into in connection with the purchase of the Units, and he is aware of the absence of a market for the Units, and

(iv) he meets the suitability requirements described below.

#### Suitability Requirements

Each prospective investor must represent in writing that he qualifies as an “accredited investor,” as such term is defined in Rule 501(a) of Regulation D under the Securities Act.

To be an accredited investor that is eligible to purchase Units, a prospective investor must fall within any of the following categories at the time of the sale of Units to such investor:

(i) A natural person whose individual net worth, or joint net worth with that person’s spouse, at the time of such person’s purchase of the Units exceeds $1,000,000;

(ii) A natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person’s spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year

(iii) A bank as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended; an insurance company as defined in Section 2(13) of the Securities Act; an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that act; a Small Business Investment Company dealer by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;

(iv) A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

(v) An organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, a corporation, a Massachusetts or similar business trust, or a partnership, not formed for the specific purpose of acquiring the Units, with total assets in excess of $5,000,000;

(vi) A trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the Units offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D; and

(vii) An entity (excluding an irrevocable trust) in which all of the equity owners are accredited investors (as defined above).

As used in this Memorandum, the term “net worth” means the excess of total assets over total liabilities. In determining income, there should be added to the prospective investor’s adjusted gross income any amounts attributable to tax-exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA or Keogh retirement plan, alimony payments and any amount by which income for long-term capital gains has been reduced in arriving at adjusted gross income.

ERISA plans and IRA accounts are not eligible to purchase the Units.