

## Lightning Hybrids, LLC

### Summary of Terms Proposed Sale of Units

August 1<sup>st</sup>, 2013

- Issuer: Lightning Hybrids, LLC, a Colorado limited liability company (the “**Company**”)
- Investors: Aravaipa Ventures, 9<sup>th</sup> Street Investments, and certain other investors (collectively, “**Investors**”).
- Amount of Financing: An aggregate of up to \$3,000,000. The individual investment amounts for each Investor is as follows:
- |  |                       |
|--|-----------------------|
| Aravaipa                                   | \$250,000             |
| 9 <sup>th</sup> Street and other investors | \$750k-\$2.75 Million |
| Total:                                     | \$1M-\$3M             |
- Type of Security: Common Units of the Company (the “**Units**”).
- Price: \$1.98 per Unit (the “**Purchase Price**”). The Purchase Price represents a fully-diluted pre-money valuation of \$10,974,259. The Company’s capital structure immediately prior to the closing is attached as Schedule A.<sup>1</sup>
- Closing: First closing following the first \$1 Million in commitments, anticipated to take place on or about August 31st, 2013. Subsequent closing at \$3 million in commitment, or December 31st, whichever comes first.

### **TERMS OF THE UNITS**

- Operating Agreement: The Units shall have such rights, privileges and obligations as set forth in the Company’s Operating Agreement, effective as of September 25<sup>th</sup>, 2012 (the “**Operating Agreement**”), and shall be *pari passu* with the existing Members (as defined therein). Such rights include certain protective provisions, information rights and preemptive rights.
- Board of Managers: The size of the Board of Managers shall be up to 7 members, who shall initially consist of Co-Founder Dan Johnson, Co-Founder Tim Reeser, an Aravaipa representative, who shall also serve as Board Chairman, a 9<sup>th</sup> Street Investments representative, and up to 3 representatives from the largest other investors by percent ownership, following this round.

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<sup>1</sup> Assumes the Company’s current capitalization is modified to reflect Schedule A.  
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Purchase Agreement: The investment shall be made pursuant to a Unit Purchase Agreement reasonably acceptable to the Company and the Investors, which agreement shall contain, among other things, appropriate representations and warranties of the Company, covenants of the Company reflecting the provisions set forth herein and appropriate conditions of closing.

### **OTHER MATTERS**

Restrictions on Sales: The Operating Agreement contains a restriction on transfer of the Units, subject to customary exceptions.

Proprietary Information and Inventions Agreement: Each current and former officer, employee and consultant of the Company have entered into a proprietary information and inventions agreement.

### **OTHER MATTERS**

Indemnification: The Operating Agreement shall contain customary indemnification provisions for Unitholders, Managers or officers of the Company to the broadest extent permitted by applicable law.

Legal Fees and Expenses: Each party shall bear its own fees and expenses.

Conditions Precedent to Financing: This summary of terms is not intended as a legally binding commitment on either party, and any obligation on the part of the Investors is subject to the following conditions precedent:

1. Completion of legal documentation satisfactory to the Company and the prospective Investors.
2. Satisfactory completion of due diligence by the prospective Investors.

Finders: The Company and the Investors shall each indemnify the other for any broker's or finder's fees for which either is responsible.

**SCHEDULE A**  
**PRE-CLOSING**  
**SCHEDULE OF UNITHOLDERS AND PROFITS INTERESTS**

		Lightning Hybrids LLC	
		Fully Diluted LH LLC	
		Shares	%
<b>Lightning Hybrids Inc.</b>	Daniel S. Johnson	1,855,082	33.5%
	Timothy R. Reeser	364,888	6.6%
	Aravaipa Venture Fund	647,816	11.7%
	King Hill Capital	118,744	2.1%
	Samuel S. Johnson	229,572	4.1%
	Lynne Reeser	60,510	1.1%
	Alan Bretting	40,405	0.7%
	John and Susan Bullard	62,157	1.1%
	Dean Stevinson	39,581	0.7%
	John Paul Hueber	396	0.0%
	Robert Fenwick-Smith	101,329	1.8%
	Lindsay Reeser	90,246	1.6%
	Bonnie Trowbridge	9,500	0.2%
	Jonathan Reynolds	16,149	0.3%
	Chris Pennekamp	9,500	0.2%
	Craig Nelsen	47,498	0.9%
	<b>Unallocated ISO Pool</b>	189,991	3.4%
<b>Total</b>	<b>3,883,364</b>	<b>70.1%</b>	
Lightning Hybrids Inc.	3,883,364	70.1%	
9th Street Venture Funds LLP	1,125,410	20.3%	
Aravaipa Venture Fund LLC	309,900	5.6%	
King Hill Capital LLC	223,881	4.0%	
	<b>5,542,555</b>	<b>100.0%</b>	