
ARTÁ
TEQUILA

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CONFIDENTIAL
INFORMATION MEMORANDUM

Artá Holdings, LLC
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$3,000,000
Series A Preferred Units
Confidential Private Placement Memorandum

This confidential and proprietary Private Placement Memorandum (this "Memorandum") relates to the proposed offering (the "Offering") of Series A Preferred Units (the "Series A Preferred Units"), of Artá Holdings, LLC ("Artá" or the "Company"). Each unit is initially convertible into one of Common Unit ("Common Units"), of the Company. All of the Series A Preferred Units offered hereby are being sold by the Company. There is no public market for any securities of the Company, and no such market is expected to develop following the Offering.

Investments in the Series A Preferred Units offered hereby are speculative and any investment therein involves a high degree of risk. Investors must be prepared to bear the economic risks of any investment in the series a preferred units for an indefinite period and be able to withstand a total loss of their investment. See "Risk Factors".

The Series A Preferred Units have not been and will not be registered under the Securities Act of 1933, as amended (the "Act"), or any applicable state or foreign securities laws, nor has the securities and exchange commission (the "SEC") or any state or foreign regulatory authority passed upon the accuracy or adequacy on this Memorandum or endorsed the merits of this Offering, and any representation to the contrary is unlawful. The Series A Preferred Units may not be transferred in the absence of an effective registration statement under the act and any applicable state or foreign securities laws or an opinion of counsel acceptable to the Company and its counsel that such registration is not required.

This Memorandum is confidential and proprietary and is being furnished by the company solely for prospective investors' confidential use with the express understanding that, (a) such prospective investor has represented to the Company that it is an "accredited investor," as defined under the Act and the rules and regulations promulgated thereunder; and (b) without the prior written permission of the Company, such persons will not release this document or discuss the information contained herein or make reproduction of or use this Memorandum for any purpose other than evaluation of potential investment in the Series A Preferred Stock. This Memorandum is individually directed to each prospective investor and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the securities offered herein. Distribution of this Memorandum to any person other than the prospective investor, and those persons, if any, retained to advise such prospective investor with respect thereto, is unauthorized, and any disclosure of any of its contents, without the prior written consent of the company, is prohibited.

This Memorandum does not purport to be all-inclusive or to contain all the information that a prospective investor may desire in evaluating the Company. Each investor must conduct and rely on its own evaluation of the Company and the terms of the Offering, including the merits and risks involved, in making an investment decision with respect to the Series A Preferred Stock. See –"Risk Factors." certain provisions of various agreements are summarized in this Memorandum, but prospective investors should not assume that such summaries are complete. Such summaries are qualified in their entirety by reference to the complete text of such agreements.

Certain information contained in this Memorandum has been obtained by the company and/or its officers and directors from sources deemed reliable by the company. Such information necessarily incorporates significant assumptions and estimates as well as factual matters. The Company will make available to each prospective investor, or his or her agent, during this offering and prior to the sale of any securities offered hereby, the opportunity to ask questions to the Company concerning any aspect of the investment and to obtain any additional information, to the extent the Company possesses such information or can acquire it without unreasonable effort or expense.

This Memorandum does not constitute an offer to sell or solicitation of an offer to buy the Series A Preferred Stock in any jurisdiction where, or to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. Except as otherwise indicated, this Memorandum speaks as of the date hereof. Neither the delivery of this Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company after the date hereof.

No person, other than the officers and directors of the Company, has been authorized to give any information other than that contained in this Memorandum, or to make any representations in connection with the Offering, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Company. The Company disclaims any and all omissions from this Memorandum or any other written or oral communication transmitted or made available to the recipient. Each investor will be entitled to rely solely on those representations and warranties that may be made to such investor in any final purchase agreement relating to the series a preferred units.

Investors are not to construe the contents of this Memorandum as legal, business or tax advice. Each investor should consult such investor's own attorney, business advisor and tax advisor as to legal, business, tax and related matters concerning the investment described in this Memorandum and its suitability for such prospective investor.

In making an investment decision, investors must rely on their own examination of the Company and the terms of the Offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

No sale will be made to any person who cannot demonstrate compliance with the suitability standards described in this Memorandum. If you are in any doubt as to the suitability of an investment in the securities of the Company, details of which are given in this Memorandum, you should consult your investment adviser. No subscriptions will be accepted from residents of any state unless the Company, upon consultation with its counsel, is satisfied that the Offering is in compliance with the laws of such state.

The Company reserves the right, in its sole discretion and for any reason whatsoever, to modify, amend and/or withdraw all or a portion of the Offering and/or to accept or reject in whole or in part any prospective investment in the Series A Preferred Stock or to allot to any prospective investor less than the Series A Preferred Stock that such investor desires to purchase. The Company shall have no liability whatsoever to any offeree and/or investor in the event that any of the foregoing shall occur.

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FORWARD-LOOKING STATEMENTS

This Memorandum contains forward-looking statements that involve risks and uncertainties. The forward-looking statements are contained principally in the sections entitled “Executive Summary,” “Business Summary,” “Financial Projections and Assumptions,” and “Risk Factors.” In some cases, you can identify forward-looking statements by terms such as “may,” “might,” “will,” “objective,” “intend,” “should,” “could,” “can,” “would,” “expect,” “believe,” “design,” “estimate,” “predict,” “potential,” “plan,” or the negative of these terms, and similar expressions intended to identify forward-looking statements. These statements reflect the Company’s current views with respect to future events and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- anticipated trends and challenges in our business and the markets in which we operate
- our plans for future product sales
- our expectations regarding our expenses and revenue
- our anticipated cash needs and our estimates regarding our capital requirements and our needs for additional financing
- our anticipated growth strategies
- our expectations regarding competition

These statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements.

We discuss many of these risks in this Memorandum in greater detail under the heading “Risk Factors.” Also, these forward-looking statements represent our estimates and assumptions only as of the date of this Memorandum. Unless required by U.S. federal securities laws, we do not intend to update any of these forward-looking statements to reflect circumstances or events that occur after the statement is made.

Any Inquiries should be directed to the following individuals:

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1 EXECUTIVE SUMMARY

The following summary is qualified in its entirety by the more detailed information appearing elsewhere in this Memorandum. This Memorandum contains projections which involve risks and uncertainties. The Company's actual results may differ significantly fromthe results discussed in the projections.

ARTÁ: THE ART OF TEQUILA THE ART OF LIFE

The combination of market and business elements combine to produce a great brand: Artá. The result is a new and valuable spirits franchise of ultra premium tequilas that are made to the highest standard. This is Artá — the Art of Tequila.

the company

Artá Holdings, LLC is a Delaware limited liability company founded in 2008 by David Fox. Artá ages and bottles some of the finest quality tequilas in the world. With its U.S. headquarters in the artistic enclave of Jackson Square, San Francisco, Artá's line of award-winning ultra premium tequila is crafted in Mexico and available in three varietals: Silver, Reposado and Anejo.

On April 6, 2010, Artá announced the Bay Area launch of our new line of small batch ultra premium tequila. Handcrafted and bottled in the heart of Mexico's traditional tequila-growing region, Artá tequila comes from 100% single-estate agave, grown by an 11th generation rancher and crafted by a third-generation master distiller using only traditional methods. Beyond this commitment to quality, Artá is built on a strong foundation of awareness of, and respect for, the world and those sharing it.

David Fox, a Bay Area local, founded Artá with the goal of aging and bottling the finest tequilas in the world and the philosophy that a company can do well, while doing good. The result is a "green" conscious approach to business and a commitment to giving back to the land and people that make Artá possible.

During the past 2 years Artá has been developing the brand, packaging and product leading to this year's market launch. In 2009 over $1m in seed money was raised to develop the brand. Artá's tequila and packaging have won numerous industry awards in 2010.

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market opportunity

Tequila is the most dynamic segment in the spirits category, a category that is rebounding nicely as the economy shows signs of recovery. Recent sales data and broader trends suggest that tequila will continue to be a good bet for the future.

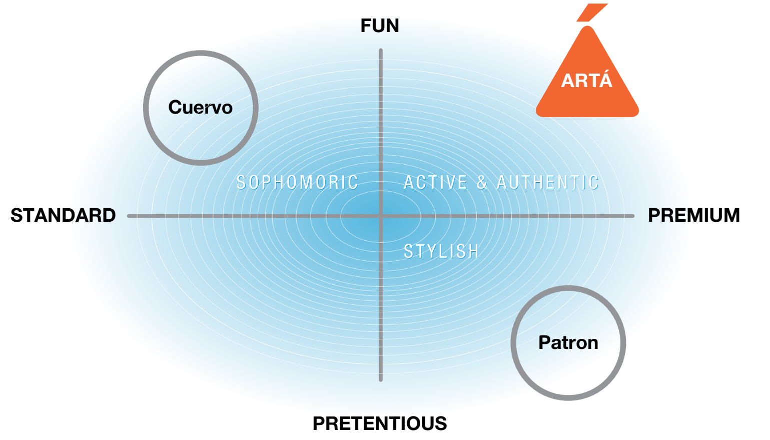
We intend to position Artá as an alternative to Patrón, the dominant player in the tequila industry. The fastest growing segment of the tequila market is the ultra premium sector, with Patrón holding the largest market share at 82%. Artá will compete in this ultra premium space by offering a superior product and compelling brand identification at an excellent price point.

MARKETING OPPORTUNITY

TEQUILA (6.5%)

SUPER	26.5	PREMIUM	20.9	STANDARD	47.9	ECONOMY	5.4
Patron	17.2	Suaza Hornitos	3.6	Jose Cuervo Gold	32.1	Montezuma Gold	
Don Julio	2.9	Cazadores	3.3	Sauza Gold	5.9	Montezuma White	
Cabo Wabo	1.4	1800	3.1	Sauza Blanco	2.2	Private Label Gold	
Sauza Tres Generaci	0.8	El Jimador	2.1	Jose Cuervo Classico	1.8	Pepe Lopez Gold	
Herradura	0.6	Jose Cuervo Tradicior	1.9	Margaritaville Oro	1.2	Santoro Gold	
Corralejo	0.4	Sauza Conmemorat	1.4	Jose Cuervo Citrico	0.7	Private Label White	
Corazon	0.3	Jose Cuervo Black Me	1.2				
Gran Centenario	0.3						

POSITIONING



MARKETING ANALYSIS

CATEGORY
- Dominant brands gravitate to 3 territories
  - Heritage, Fashion, Spring Break
- Premium brands own experiences
  - Corona = Kick Back
  - Jack Daniels = Real Whiskey for Real Men
  - Johnnie Walker = Masculine Achievements

CULTURE
- Green is the new Black
- Organic is mainstream
- People buy the beach: Corona and Fiji

COMPANY
- Best in Mexico
- Celebrates vibrant art scene
- Pure, authentic, real tequila
- No pretense; mature fun

CONSUMER
- 5.1MM males 25-40, $75K+ spirit drinkers with active lifestyles
  - 31% regularly eat organic
  - Index 314 on drinking Corona
  - Index 209 on trips to Mexico
  - Index 242 of surfing

sales and distribution

Artá has opened over 60 accounts in the first six weeks since its April 2010 launch, including key hot spots such as Michael Mina's eponymously-named restaurant, Spruce, Village Pub, Tres Agaves and many more. Of these 60 accounts, 50% have re-ordered product after selling through their initial purchase. We now have eight drinks featured at select on-premise accounts. Artá has also participated in 8 charity events show casing the brand and featuring Artá cocktails. Due to this rapid expansion, Artá has also successfully secured distribution through Young's Market, one of the largest spirits distributors in the Western United States, which will eventually cover ten Western states.

Artá has also created a strategic partnership with Pelican Brands, the fastest growing brand management company in the spirits industry, to further enhance its sales and marketing strategy without draining capital through building out Artá-internal teams.

Artá is well positioned for future success, given the initial market response, recent awards, press accolades, industry buzz, account success, strategic partners, and, most importantly, distribution. Artá is seeking to raise $3m in financial backing through the Series A Offering.

use of proceeds

Arta expects to use the net proceeds from this offering to support general working capital requirements, the expansion of its sales, support, marketing, operational infrastructure, as well as other general corporate purposes.

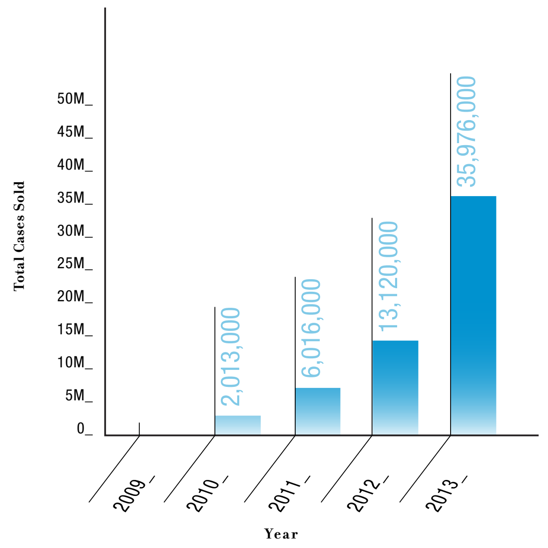
SUMMARY PROJECTED INCOME STATEMENT

$ in 000's

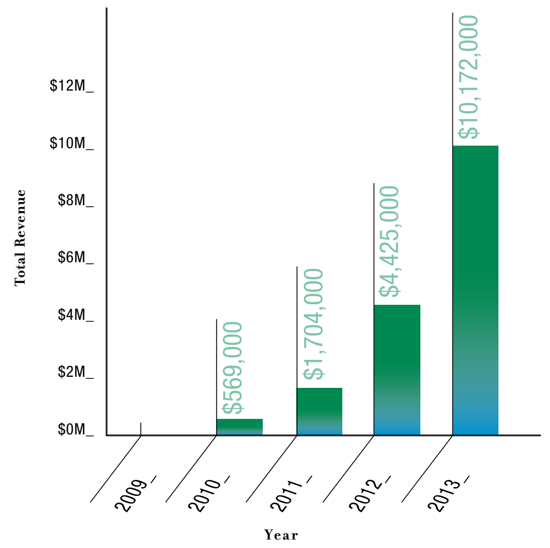
	2009*	2010**	2011	2012	2013
Cases (Std. 9 liter)	-	2,013	6,016	13,120	35,976
Net Revenue	$ -	$ 569	$ 1,704	$ 4,425	$ 10,172
Gross Margin	$ -	$ 337	$ 1,002	$ 2,693	$ 6,192
Operating Profit	$ (453)	$ (779)	$(506)	$ 542	$ 3,112
Net Income	**$ (452)**	**$ (779)**	**$ (472)**	**$ 584**	**$ 2,693**

** Actual results*
*** Forecast based on 1 Quarter actual results*

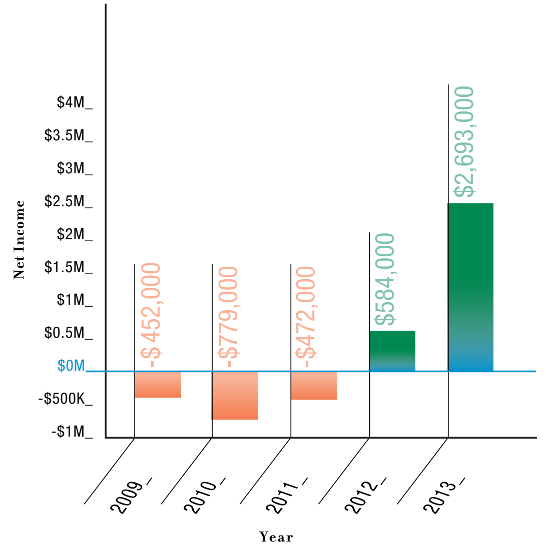
PROJECTED CASES SOLD (Std. 9 liter)



PROJECTED REVENUE



PROJECTED INCOME



2 BUSINESS DESCRIPTION

The explosion of the premium and ultra premium tequila markets signals a signifant change in the beverage industry: tequila is becoming the ubiquitous drink of choice for the young, hip and premium beverage consumer. Tequila is the new vodka. There are a number of specific value propositions that Artá brings to this expanding marketplace that distinguishes it from the competition:

raw product agave lock-down

Through family association and long standing personal relationships, Artá has access to the highest quality agave in the Tequila region. Our tequila comes from the town of Arenal in the state of Jalisco, which was recently cited in 2007 by UNESCO World Heritage as the birthplace of Tequila. (Arenal is adjacent to the town of Tequila.) No pesticides are used on the ranch and we have one of the only truly organic operations in the whole state. Our agave source has been guaranteed under contract for a minimum of 3 years by the growers. Additionally, an option exists to purchase property/production for full vertical integration.

third generation master distiller

Our master distiller, Jaime Gonzalez, is an 11th generation rancher, and his brother Angel Gonzalez is a 3rd generation master tequila distiller. Jaime and Angel take great pride in their tequila and have entered into a partnership to be the exclusive distiller for Artá.

artá product offering

Artá is an ultra premium tequila line that is made to be true to the art of tequila.

It is made the way tequila should be: 100% single-ranch agave, 100% organic and flawlessly crafted by a third-generation master distiller in small batches, using only traditional methods. What is rendered is a smooth spirit filled with tequila character.

Artá was made for man at his best. He's a Men's Journal man: active and someone who enjoys challenging himself in the surf and the mountains. Arta is not a lean-back tequila, it's a lean-forward tequila—tequila made to celebrate the art of living actively

Artá should be enjoyed the way we do, slowly sipped amongst friends as you create memories to last a lifetime. Savor every drop in your glass just as you savor the very best moments of life.

Artá is the art of tequila, the art of life.

ARTÁ SILVER *The Art of the Surf*

Brilliantly clear, Artá Silver is the purest expression of agave, with a pleasant nose containing hints of citrus peel and honey. Herbal notes round out the taste finishing with a slightly sweet component.

While many Silver tequilas are bottled immediately after the distillation process, we take the additional step of mellowing the tequila in steel tanks before bottling to enhance the flavor of the slowly cooked agave.

Our triple distilled Silver won a Gold Medal at the WSWA Spirits competition in April 2010.

Suggested retail price $39.95

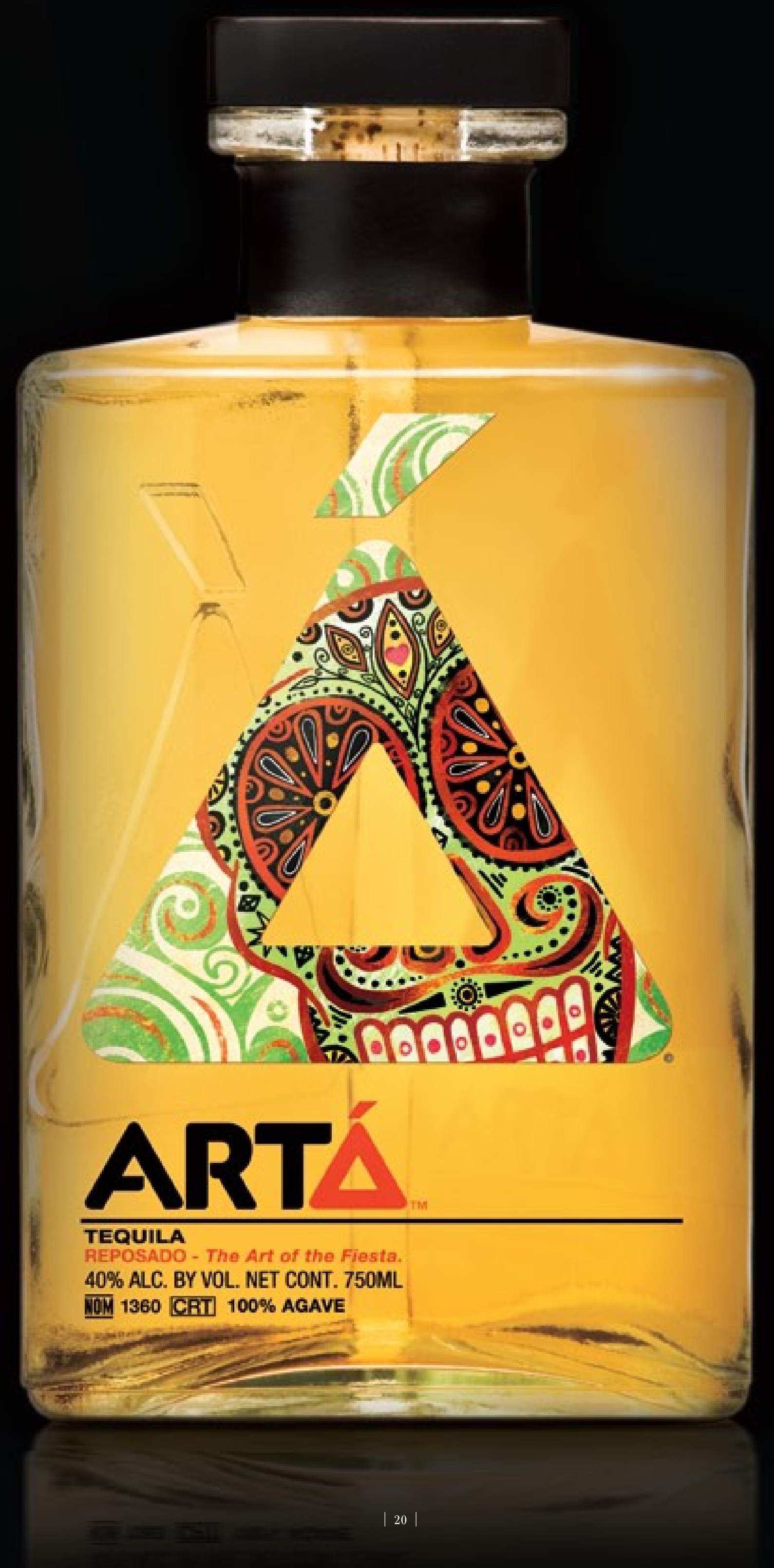
ARTÁ REPOSADO *The Art of the Fiesta*

Artá Reposado, or "rested" tequila, has been aged in oak for 11 months; three times the required rest time for Reposado. For further enhanced flavor, our tequila is aged in small new American and French oak barrels—the same size used for aging wine. This contact with the wood during the aging process gives our tequila the elegance, color and complexity of flavor that is only found in the world's finest spirits.

Artá Reposado has a warmer nose than Artá Silver, with hints of oak. The traditional, smoky Resposado flavor is complemented with herbal and floral notes and a finish of honey and vanilla. Reposado is a very nice, soft, and smooth tasting tequila.

Our Reposado was honored with a Silver Medal at the San Francisco Wine and Spirits competition, the largest in the country in March 2010.

Suggested retail price $49.95



ARTÁ AÑEJO *The Art of the Agave*

Añejo tequila must be aged for a minimum of 12 months and one day—thus the designation of Añejo ('year' in Spanish.) As with Artá Resposado, we exceed that required time, aging the tequila for 2 years. The additional contact with the wood imparts a stronger oak flavor, deepening the color and smoothing out the flavor notes. The tequila is stored in new American and French oak wine barrels to deliver additional complexity and sweetness.

Artá Añejo has a smoky, agave nose. The taste is very flavorful and sophisticated, with sweet notes layered with hints of vanilla and caramel. The finish is dark, pleasant and satisfying, befitting the tequila of true connoisseurs.

Our Añejo was honored with a Silver Medal at the San Francisco Wine and Spirits competition, the largest and most comprehensive such competition in the country, in March 2010 and a Silver Medal at the WSWA Spirits competition in April 2010.

Suggested retail price $59.95

ARTÁ Musa

Musa is our luxury tequila line, which will be offered later in the growth of the company. These tequilas will be bottled in a highly collectable black triangle bottle. The Musa tequilas are:

MUSA SILVER

Triple distilled for an even smoother Silver tequila taste, Musa Silver is the connoisseur's tequila and the best choice for tasting the maximum agave flavor.

Suggested Retail Price $199.95 a bottle

MUSA EXTRA AÑEJO

The designation extra añejo, or extra-aged, was approved by Mexico's National Committee on Standardization in 2005. This tequila takes advantage of the distillers' art and precise understanding of how tequila ages with certain woods. The Musa Extra Añejo will be aged 3 + years in American oak, then aged and finished another 9 months in the finest cognac barrels sourced and imported directly from France. The tequila emerges a deep golden color, with the rich, smoky and honey flavor that will be some of the best and most flavorful tequila ever offered on the market.

Suggested Retail Price $299.95 a bottle

The organic certification through our supplier for all our tequilas has been applied for and is in the approval process.

award winning

The San Francisco World Spirits Competition was the first comprehensive, international spirits judging ever held in the United States on an annual basis. This year, the Competition celebrates its 10th year of awarding spirit excellence.

Competing against a distinguished field, Artá won Silver medals for our Reposado and Añejo tequilas.

The results of the competition will be published in the May 2010 issue of The Tasting Panel Magazine, a highly regarded trade magazine for the beverage industry, with a national readership of 65,000 professionals in the beverage trade.

The Wine and Spirits Wholesalers Association, in conjunction with Anthony Diaz Blue of the Tasting Panel is one of the largest blind tasting spirits competition in the US. Competing against, distinguished field, Artá won a Gold medal for its Triple Distilled Silver tequila and a Silver Medal for the 2 years aged Anejo.

artá logo wear & online retail store

We will offer a wealth of Artá branded logo items for distribution to many of our on-premise accounts and for sale online. In conjunction with an aggressive marketing campaign, our Artá branded merchandise will include: board shorts, hats, flip-flops, shirts, towels, tote bags and tequila glassware, along with a select group of authentic crafts from the region. Artá also will offer a very special 5 liter barrel, which will retail for $125.00 and will require 6 bottles of Anejo to fill it. We anticipate this being a unique offering in that the tequila will continue to age and mature in this barrel. This is the true embodiment of Artá, the art of tequila. By pushing the boundaries with unique retail offerings, Artá will present a story like no other we've seen for the consumer.

3 INDUSTRY OVERVIEW

Tequila is the most dynamic segment in the spirits category, a category that is rebounding nicely as the economy shows signs of recovery. Recent sales data and broader trends suggest that tequila will continue to be a good bet for the future.

fastest growing segment in spirits

Tequila is the fastest growing segment in the spirits industry. Growth has been driven by the "super-premium" segment in which Arta will compete. The "super-premium" segment had a pre-recession 5-Year CAGR of 27.6%, which suggests it is a good bet for future growth as the economy strengthens.

ability to source across all spirits

Arta, as with other tequilas, is different from other spirits in that it has three varietals: Silver, Reposado and Añejo. Silver (or "clear") has been the growth engine for brands like Patrón and is a key lever in sourcing volume from vodka drinkers (the largest segment in the industry) into tequila. Reposado and Añejo give Arta the ability to source volume from "dark" (e.g., bourbon/whiskey) segments. Net, tequila can source from clear and dark segments.

a two-tequila world with room to break in

The current market share dynamics suggest that in a "two-tequila world" there is room to grow. Patrón dominates the super-premium segment with a 20 share and Cuervo dominates the standard segment with a 32 share. No tequila between the two has more than a 4 share, which suggests a lack of brand loyalty beyond the two dominate players and a lot of "in-play" volume. Patrón has also driven category interest and sampling, but is becoming ubiquitous, leading to "Patrón—fatigue." Consumers who were attracted to the category by Patrón are now beginning to aggressively sample other brands. Artá is finding this to be true in the newly opened accounts around the Bay Area.

volume rebounding nicely post recession

Spirits made a comeback in February after facing disappointing results in January in off-premise sales. Sales grew 2.4% in the four-weeks to March 6th, while volumes rose 1.9%, according to Nielsen scan data in food/drug/convenience/liquor stores. February figures also exceeded the 52-week period to March 6 which further suggests spirits are gaining momentum. The average price per 750ml bottle rose $0.05 in the four week period ending March 6th, but was flat for the trailing 52-week. Pricing was also a marked improvement from January, where the average price was down $0.03.

Sales of Ultra-premiums grew in double digits in February. All the price categories posted growth except for value spirits, where sales and volume were both down 0.7%. Ultra-premiums saw the biggest turnaround from January with sales up 11.1% and volumes up 11.0%. Producers raised prices by 1 cent on average.

Tequila growth was also strong, growing 2.4% in sales and 4.3% in volume. The strength in volume is likely due to an average price decrease of $0.37 in the 4-weeks. Tequila saw the biggest improvement in February from the previous month. In January, sales declined 2.9% and volumes slid 1.6%. Pricing, however, was stronger last month, down -$0.27.

Source: *Wine & Spirits Daily*
March 30, 2010

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4 MARKETING

There exists a great opportunity to position Artá as an alternative to Patrón, the dominant player in the tequila industry. The fastest growing segment of the tequila market is the ultra premium sector, with Patrón holding the market share at 82%. Artá will compete in this ultra premium space by offering a superior product and compelling brand identification at an excellent price point.

leveraging mega-trends to propel growth

At the core of any marketing effort is a "big idea." A proven method for creating and driving a big idea is to find the intersection of the "human need" and the "business offering." The "human need" is a combination of cultural and consumer mega-trends. The "business offering" is the combination of category and company dynamics.

The marketing of Arta starts with levering key cultural and consumer mega-trends:

Organic food and beverage has become a $19 billion dollar category, and Arta is currently obtaining organic certification.

Arta was modeled after two beverage brands: Corona (discovered by California surfers in the 70s), which is the #1 imported beer in the U.S., and Fiji water, which has become the #2 imported bottled water brand (after Evian) in just 8 years. The square bottle of Fiji (which is totally different from the category) was the inspiration for our triangular bottle.

target audience & positioning

The target consumer for Artá is the ultra premium tequila drinker who is celebrating his accomplishments. Part of the new Men's Journal generation, he's past the salt/lime/shot stage of his life. Likely to travel to places like Baja, the Artá consumer is competitive, active, successful and desires his beverage to reflect his lifestyle. Artá tequila was crafted for the discriminating consumer – for men living their quest.

The demographic of the Artá consumer is men between 24 and 45 years old who drink tequila and have high household incomes.

The Artá brand is for an active consumer who is interested in challenging himself, enjoys nature, surfing, hiking and mountaineering. Artá is not a tequila to be "shot," but is a quality sipping tequila to be enjoyed with friends. Surf culture has now gone mainstream, led by brands like Quicksilver, which now transcends surf and has crossed into "board sports" and broader cultural outlets. Quicksilver is now a multi-billion dollar brand with retail outlets in Chicago and New York. Arta will always be rooted in the Art of the Surf.

Our strategy is to attract this consumer, who is already highly engaged in the tequila category, and give him a liquid and a brand that reflects his lifestyle.

1% PROMISE™

the artá 1% promise

A core belief of Artá Holdings is that our organization can do good—while doing well. At such time as Artá Holdings is profitable, we intend to embark on a new kind of corporate mission – one that makes life better for our environment and the communities we serve. Under our innovative 1% Promise program of corporate philanthropy, we will donate materials and resources to deserving charities in the places where we do business and where our employees, customers and business partners live.

recyclable

In every step in the production of our tequilas our focus is on creating a product that has a low impact on the environment. Our bottles are made from recycled glass, we use sustainable corks that are harvested in Portugal, and the heavy metal closure is from recycled material, as are the packaging and shipping containers.

go to market strategy

Most consumers walk into a bar not knowing what they are going to order. Arta will focus on on-premise differentiation, which starts with the bottle – a unique and award winning design that stands out on shelf.

The bottle will be supplemented with an aggressive bar and bartender ambassador program to help educate bartenders on the intrinsic and extrinsic virtues of the brand so that as it stands-out on shelf.

We will also support the brand with on-premise events: an example is Tres Agave, the quintessential tequila bar in San Francisco – integrating us into their many on premise celebrations.

Brands in the spirits industry are built on-premise efforts, so that will be a focal point of our marketing efforts at launch of every market we enter.

We will supplement our on-premise efforts with an aggressive social media strategy as we collect the contact information for "fans" via Facebook and "users" via on-premise events, along with other non-traditional methods such as viral video and small event sponsorship (e.g., surf competitions, etc.)

5 SALES & OPERATIONS

sales strategy

Artá's sales strategy is about selectivity and focus. It is to focus on the on-premise trade almost exclusively in the first six months to one year. It is also to "own" our home market of San Francisco first, California second and select strategically targeted metropolitan markets third.

In addition to Artá's sales team, which has successfully opened up 60 accounts in the first six weeks after launch, Artá has recently partnered with Pelican Brands—to further achieve its focused sales strategy—and has signed with Youngs Market as its first major distributor.

pelican brands

Pelican Brands was formed to nurture and build brands in the global beverage alcohol space. Pelican Brands' team has extensive experience in the global beverage and consumer packaged goods industries. Pelican is focused on building Artá through its extensive network in distribution and retail, with a core expertise in national accounts.

Pelican Brands is focused on establishing what makes Artá unique and what will ultimately matter to Artá's consumers. They will then build this into a specific and exclusive marketing program, while working to ensure that they are able to highlight the reasons why the Artá brand makes the perfect fit. This is why they selected Artá as much as Artá selected Pelican.

Pelican Brands brings many positives to its representation of Arta. First, they have strong relationships with many of the leading restaurateurs and A-List nightclubs throughout the country. Second, they have deep relationships with the ownership of the distribution tier, which is critically important to Artá's success. Third, the Pelican team has unparalleled media, celebrity and sports access through our direct relationships and key partnerships. This combination, along with the unique attributes of the Artá brand will enable Pelican Brands to rapidly create "buzz" around Artá. Much as Opus One® is an allocated wine, Artá will be made available in limited quantities to select outlets. This selectivity, combined with the brand buzz, will create significant demand among the trade and consumers.

sales distribution

A significant positive step in the right direction and validation of the direction of the Artá brand, Artá and Young's Market agreed on a distribution relationship.

Continued distribution efforts will focus on obtaining relationships with small, specialized distributors in key markets – the 8 major "tequila states" of California, Nevada, Arizona, New Mexico, Texas, Illinois, New York and Florida, which represent approximately 60% of the overall tequila market in the US.

Artá's Vice President of Sales and a dedicated sales representative will supplement the distribution channels and develop relationships with upscale liquor stores, bars and restaurants.

Partnering with an Internet retailer, online sales will be available to the states that allow the interstate shipping of spirits. Future distribution plans also include duty-free shops in international airports.

young's market

Young's Market Company is one of the nation's largest distributors and brokers of beverage alcohol with operations in California, Oregon, Washington, Alaska Hawaii, Arizona Idaho, Utah, Wyoming and Montana.

competition

The super premium tequila category and the super premium spirits segment in general are highly competitive. Artá faces a raft of competitors composed of both established and new entrants. The competitive landscape is led by the established luxury brands, primarily Patrón, but also Don Julio, Partida, Casa Noble, Clase Azul and El Tesoro among others. Many of these competitors have deep pockets and have spent heavily through the recession to keep distribution. Some of them have now retrenched and are pulling their spending back. Artá, as a fresh new brand with unique positioning is entering the market at a very opportune time given this and the early signs of on-premise recovery starting to show.

6 MANAGEMENT

Artá's management team brings outstanding talent to the company. The President, David Fox, is a serial entrepreneur with deep roots in the technology industry.

executive bios

DAVID FOX is the founder and president of Artá Holdings, LLC. Prior to Artá, David was the founder, president and chief executive officer of Agistix, Inc. an on-demand global logistics solutions provider.

Agistix was founded in 2003 and David was responsible for driving the company's strategic direction and growth while establishing a high-performance, results-driven organization. The company grew revenues year over year by nearly 40X and earned the company a number of technology innovation awards. In 2008 the company was recognized by Inc. magazine as the 22nd overall fastest-growing private company in the U.S. and the 2nd fastest-growing software company. He sold the company to the management team in 2008.

Prior to founding Agistix, David spent 13 years in high-tech sales, marketing, and business strategy with companies such as Akamai Technologies, US Robotics and Diamond Multimedia. He serves on the strategic advisory boards of several emerging technology companies and is a member of YPO (Young Presidents Organization) and the Alliance of CEO's.

He holds an MBA from Santa Clara University and a BA from Denison University.

JAMIE KING is a Board Member and strategic marketing advisor for Artá and brings 15 years experience in marketing and advertising. In his career, Jamie has worked on some of the world's most iconic brands including: Dewar's Scotch, Beam Global Spirits, Johnnie Walker, Bacardi, Foster Wine Estates, Altoids, Starbucks and Wal-Mart.

After graduating from Denison University, Jamie began his career at the Chicago-based Leo Burnett advertising agency. During his years at Burnett, Jamie championed the development of non-traditional communication and creative strategies. He worked on a total of five Effie-winning (the industry award for advertising creativity and effectiveness) campaigns in a wide variety of industry verticals.

Jamie worked on the Dewar's Scotch campaign and was part of the team that developed the Dewar's "Truths" ads that was credited in reversing a 20-year decline in Scotch consumption. This campaign was awarded a Kelly Award – the Magazine Publishers of America recognition for Outstanding Magazine Advertising.

In 2003 he joined LB Works as Chief Operating Officer and then in 2005 he took over as Managing Director of the advertising agency Publicis & Hal Riney in San Francisco, in charge of new business and expansion of Riney's interactive offerings. Since then, Jamie helped Riney win accounts with Fosters Wine Estates (which includes the Beringer brand), Blue Cross & Blue Shield, AAA, Pinnacle Foods, Altoids and U.S. Cellular.

In 2007 Jamie was appointed President and CEO of Publicis & Riney and, by the end of the year, doubled the agency's profits. In 2008 the agency added Beam Global Spirits and its tequila portfolio to their client list and set to work on the re-launch of the Tres Generaciones and Hornitos brands.

Recently named Co-President of Euro RSCG Chicago, Jamie is responsible for several of the agency's clients as well as the agency's business and development efforts.

ALAA ISMAIL is the Consulting CFO of Arta Holdings, LLC. Alaa has over 20 years of finance and accounting experience and is currently Vice President and Co-Founder of Orion Investments Inc., a business and financial consulting company. Alaa specializes in helping early stage and rapidly growing companies maneuver thru the many business challenges they may face.

Prior to Orion, Alaa was the CFO of Apix Corporation, the industry leader in reconfigurable system prototyping technology. Aptix delivered software and hardware products to rapidly prototype complex ASIC and system-on-chip designs. For nine years Alaa and the executive team built the company into the industry leader both in growth and innovation. Apix was sold to Mentor Graphics Inc. in 2004.

Prior to Aptix, Alaa held various senior finance positions at privately and publicly held companies. Alaa began his career at Arthur Andersen LLP where he spent five years in the Mergers and Acquisitions department. He holds a B.A. in Economics from the University of California, Los Angeles and is a CPA.

KELLY ROBERTS is Vice President of Sales for Artá Tequila, and brings to the company many years of experience in the beverage industry.

Kelly was formally a Sales Representative at Skyy Vodka where she helped bring the brand to market and capture leading market share.

With a strong desire for travel and work with international brands, Kelly joined Pernod Ricard, a French company which holds one of the industries most prestigious brand portfolios including: Absolut Premium Vodka, Ricard pastis, Ballantine's, Chivas Regal and Glenlivet Scotch whiskies, Jameson Irish Whiskey, Martell cognac, Havana Club rum, Beefeater gin, Kahlúa and Malibu liqueurs, and Perrier-Jouët champagnes.

For seven years she contributed in various aspect of the business including domestic and international sales and marketing, distribution and brand education.

J. SMOKE WALLIN is the Chairman of Pelican Brands, Artá's National Sales Representative. Smoke is an accomplished leader and successful entrepreneur in the beverage & technology industries. Smoke has also advised many of the most successful brand owners and distributors on their "go-to-market" strategies, market execution plans and capital raising/investments. His business partners and customers have included: Anheuser-Busch, Credit Suisse, Diageo, Heineken, Pernod Ricard, Allied Domecq, Seagram, & Coca-Cola Enterprises, as well as 100s of wine, spirits, beer and non-alcoholic beverage clients from North America to Spain to New Zealand. He has raised over $350 million in debt and equity, publicly and privately for deals he led or was CFO, acquired 19 companies and divested half a dozen companies.

In 1988, Smoke joined National Wine & Spirits (NWS), a $150 million single state wine and spirits distributor. As head of the corporate group, and later as the CFO, EVP & Director from 1993-2004, Smoke led the strategic thinking and execution at NWS, which created a $1 billion plus multi-state wine, spirits, beer and non-alcoholic beverage distributor. He also led the industry in Washington D.C. when he served as Chairman, President & Director of the Wine & Spirits Wholesalers of America (WSWA) 1996-2004.

Smoke has an MBA from Vanderbilt University and a BS in Agricultural Economics from Cornell University. He was a member of the Cornell wrestling team and Sigma Nu Fraternity. Smoke is an Eagle Scout and the father of two Eagle Scout sons. He lives in Carmel, IN with his wife Anitra and his four children, Skye, Cameron, Sierra and Talli..

7 FINANCIAL PROJECTIONS & ASSUMPTIONS

The financial projections of the Company are being furnished to prospective investors in connection with the sale of the Series A Preferred Units offered hereby are based on assumptions that the Company believes are reasonable as of the date of this Memorandum. Such assumptions, including the Company's ability to develop its sales and distribution channels and finance its operations and the size and growth of the market for the Company's products, may be incomplete or inaccurate, and unanticipated events and circumstances may occur that could have a material adverse effect on the Company's ability to achieve these projections. The financial projections presented below are forward-looking projections that involve a number of risks and uncertainties.

The following projections (the "Projections") were not prepared with a view towards compliance with published guidelines of the American Institute of Certified Public Accountants or Generally Accepted Accounting Principles and have not been examined, reviewed or compiled by the Company's independent accountants. The Projections represent management's estimates based on certain assumptions summarized herein. The Projections were prepared solely by the Company and are based upon certain assumptions, some of which inevitably will not materialize, and unanticipated events may occur that could affect the actual results achieved during the periods presented. Consequently, the actual results of operations during the periods presented will vary from the Projections, and such variations may be material. Although the Company believes that it has a reasonable basis in making the following Projections, there can be no assurance that the Company will achieve the results indicated.

The Projections should be read together with the other information contained in this Memorandum. The Company does not intend to update or otherwise revise the Projections to reflect circumstances existing after the date hereof or to reflect the occurrence of anticipated events, even in the event that any or all of the underlying assumptions are shown to be in error. Furthermore, the Company does not intend to update or revise the Projections to reflect changes in general economic or industry conditions.

The Company's independent auditors have not compiled or reviewed the Company's financial projections and, accordingly, do not express an opinion on, or any other form of assurances with respect to, such financial projections.

SUMMARY OF SIGNIFICANT ASSUMPTIONS

revenue

Revenue assumptions for 2010 are based on management's forecast. Revenue projections for 2011 and beyond are based on increased annual growth rate of its premium Tequila as new markets are opened. Revenue is generated by the sale of 9-liter cases via a network of wholesale distributors.

Sales of spirits typically follow seasonal fluctuation with October-December accounting for 45-50% of annual sales.

cost of sales/gross margin

Product cost of sales consist of raw materials, bottling, packaging, freight and federal excise tax. Product cost is expected to decrease as increased volume creates production efficiencies.

As sales volume increases and product cost is driven down, management expects improved gross margins in years 2011 and beyond.

operating expenses

Operating expenses consist of three major components: (1) Marketing, (2) sales, and (3) general and administrative.

Marketing and Selling expenditures as a percentage of sales is anticipated to be high in 2010 and 2011 as the Company invests in market development and the creation of an effective sales channel. New Spirits product launches require a consistent marketing effort to promote brand awareness (of the product) and establish brand recognition.

General and administrative expenses include corporate, administrative and facilities expenses to support operations. G&A expenses are expected decrease as a percentage of sales due to economies of scale.

INCOME STATEMENT

$ in 000's

	2009*	2010**	2011	2012	2013
Cases Sold (Std. 9 liter)	-	2,013	6,016	13,120	35,976
Total Revenue	$ -	$ 569	$ 1,704	$ 4,425	$ 10,172
Total Cost of Sales	$ -	$ 232	$ 702	$ 1,731	$ 3,980
Total Gross Margin	$ -	$ 337	$ 1,002	$ 2,693	$ 6,192
MARGIN %		**59%**	**59%**	**61%**	**61%**
CAMP (Contribution after Marketing & Promo)	$ -	$ (159)	$ 257	$ 1,648	$ 4,697
OPERATING EXPENSES:					
Marketing	224	495	745	1,045	1,495
Sales	6	225	355	595	945
General & Administrative	222	396	408	511	640
Total Operating Expenses	$ 452	$ 1,116	$ 1,508	$ 2,151	$ 3,080
Operating Income (loss)	$ (452)	$ (779)	$ (506)	$ 542	$ 3,112
Net Income	**$ (452)**	**$ (779)**	**$ (472)**	**$ 584**	**$ 2,693**

** Actual results*
*** Forecast based on 1 Quarter actual results*

BALANCE SHEET

$ in 000's

	2009*	2010**	2011	2012	2013
ASSETS					
Current Assets:					
Cash & Equivalents	$ 403	$ 2,467	$ 1,650	$ 1,359	$ 2,679
Accounts Receivable	-	234	405	962	2,213
Inventory	157	93	229	527	806
Other Current Assets	2	5	5	-	-
Total Current Assets	**$ 562**	**$ 2,799**	**$ 2,288**	**$ 2,848**	**$ 5,699**
Non-Current Assets:					
Property, Plant & Equipment	26	52	87	127	167
Intangible Assets	144	173	173	173	173
Total Non-Current Assets	**$ 170**	**$ 225**	**$ 260**	**$ 300**	**$ 340**
TOTAL ASSETS	**$ 732**	**$ 3,024**	**$ 2,548**	**$ 3,148**	**$ 6,039**
LIABILITIES					
Accounts Payable	30	52	48	64	262
Total Liabilities	**$ 30**	**$ 52**	**$ 76**	**$ 82**	**$ 95**
EQUITY					
Preferred Stock	975	4,025	4,025	4,024	4,024
Common Stock	298	298	298	298	298
Retained Earnings (Deficit)	(118)	(571)	(1,350)	(1,822)	(1,239)
Cy Income (Loss)	(452)	(779)	(472)	584	2,694
Total Equity	**$ 702**	**$ 2,972**	**$ 2,500**	**$ 3,084**	**$ 5,777**
TOTAL LIABILITIES & EQUITY	**$ 732**	**$ 3,024**	**$ 2,548**	**$ 3,148**	**$ 6,038**

** Actual results*
*** Forecast based on 1 Quarter actual results*

STATEMENT OF CASH FLOW

$ in 000's

	2009*	2010**	2011	2012	2013
Operating Activities					
Net Income	$ (452)	$ (779)	$ (472)	$ 584	$ 2,693
ADJUSTMENTS TO NET INCOME					
Changes in Assets/Liabilities					
Accounts Receivable	-	(234)	(171)	(557)	(1,251)
Inventory	(157)	(64)	(136)	(298)	(279)
Accounts Payable	12	40	(3)	16	197
Other Current Assets	(2)	(2)	-	5	-
Other Accrued Liabilities	18	(18)	-	-	-
Cash Flow from Operations	**$ (581)**	**$ (931)**	**$ (783)**	**$ (251)**	**$ 1,360**
Investing Activities					
PP&E Purchases	(26)	(26)	(35)	(40)	(40)
Other Assets	(144)	(28)	-	-	-
Cash Flow from Investing Activities	**$ (170)**	**$ (55)**	**$ (35)**	**$ (40)**	**$ (40)**
Financing Activities					
Proceeds from sale of Stock	1,272	3,050	-	-	-
Cash Flow from Financing Activities	**$ 1,272**	**$ 3,050**	**-**	**-**	**-**
Increase (Decrease) in Cash	**$ 522**	**$ 2,064**	**$ (818)**	**$ (291)**	**$ 1,320**
Cash @ Beginning of Period	**$ (118)**	**$ 403**	**$ 2,467**	**$ 1,650**	**$ 1,359**
Cash @ End of Period	**$ 403**	**$ 2,467**	**$ 1,650**	**$ 1,359**	**$ 2,679**

** Actual results*
*** Forecast based on 1 Quarter actual results*

8 RISK FACTORS

An investment in the shares offered hereby involves a high degree of risk and the shares should not be purchased by persons who cannot afford the loss of their entire investment. Prospective investors should consider carefully the following factors, in addition to the other information presented in this Memorandum, in evaluating the Company and its business.

product acceptance

To date, the Company's products have been sold to a limited number of customers. Accordingly, broad market acceptance of the Company's products by existing and new customers is critical to the Company's future success.

Limited Operating History and History of Operating Losses

The Company was founded in 2008 and did not begin shipping product until April of 2010. The Company's limited operating history makes the prediction of future operating results difficult and the Company believes that period-to-period comparisons of its results of operations are not necessarily meaningful. The Company does not believe it will obtain profitability in 2010. There can be no assurance that the Company will be able to grow or be profitable in future periods or that such growth or profitability, if attained, will be sustainable. The start up and continued operations of a new company and development of brands, products of new businesses entails numerous risks with respect to execution and operating issues, any of which could have a detrimental effect on the results of operations and/or the value of the equity in the Company.

industry regulation

More stringent regulations applicable to the alcohol-based beverage industry could adversely affect our ability to be successful. Any future changes in federal, state and local regulations of the beverage alcohol industry are beyond our control and future regulatory changes affecting the production, distribution and sale of alcohol-based beverages could have a material adverse effect on us. We may not be able comply with all applicable governmental regulations or the conditions of licenses or permits we may receive. Should we fail to comply, we may have our licenses and permits suspended or revoked which could have a material adverse effect on our business.

dependence upon suppliers

The Company will depend on a limited number of third-party suppliers for the sourcing of all its products. These suppliers consist of third-party distillers, bottlers and producers in Mexico. The termination of written or oral agreements or an adverse change in the terms of these agreements could have a negative impact on the business. If suppliers increase their prices, the Company may not have alternative sources of supply and may not be able to raise the prices of products to cover all or even a portion of the increased costs. In addition, a supplier's failure to perform satisfactorily or handle increased orders, delays in shipments of products from international suppliers or the loss of existing suppliers, especially key suppliers, could cause the Company to fail to meet orders for its products, lose sales, incur additional costs and/or expose it to product quality issues. In turn, this could cause the brands to lose credibility in the marketplace and damage relationships with distributors, ultimately leading to a decline in business and results of operations.

dependence upon distributors & sales representatives

The Company will be substantially dependent upon our independent wholesale distributors and independent sales representatives. The failure or inability of even a few of our distributors to adequately distribute our products within their territories could harm our sales and result in a decline in our results of operations. Also, the inability of our Independent Sales Representatives to adequately sell and market our products could harm our sales and result in a decline in our results of operations. The Company is required by law to use state licensed distributors or, in 18 states known as "control states," state-owned agencies performing this function, to sell our products to retail outlets, including liquor stores, bars, restaurants and national chains in the United States. The Company either on its own or through independent sales representatives will establish relationships for its brands with wholesale distributors in each state; however, failure to maintain those relationships could significantly and adversely affect the business, sales and growth. Moreover, all of them also distribute competitive brands and product lines. We cannot assure you that our U.S. alcohol distributors will continue to purchase our products, commit sufficient time and resources to promote and market our brands and product lines or that they can or will sell them to our desired or targeted markets. If they do not, our sales will be harmed, resulting in a decline in our results of operations.

competition

The beverage alcohol industry is highly competitive, and we may not be able to successfully compete with others with greater financial resources.

At all levels or tiers in the beverage alcohol industry, competition is very strong with some competitors having substantial advantages over others due to greater financial resources, more established businesses, long-standing customer and supplier relationships, worldwide sales and distribution networks, experienced and deep management teams, etc. We may not have the financial resources to successfully compete with larger organizations exhibiting some or all of the foregoing characteristics.

market volatility

Adverse macroeconomic and business conditions may significantly and negatively affect our revenues, profitability and results of operation.

Global economic conditions and conditions specific to the United States and/or other major markets in which we will do business could substantially affect our sales and profitability. Global economic activity has undergone a sudden, sharp economic downturn, on top of the housing downturn and subprime lending collapse during the last year. Global credit and capital markets have experienced unprecedented volatility and disruption. Business credit and liquidity have tightened in much of the world. Consumer credit has also contracted in a number of major markets. U.S. unemployment rates have increased significantly. Some of our suppliers, customers and consumers could face credit issues, and experience cash flow problems and other financial hardships. Consumer confidence and spending are down significantly.

Changes in governmental banking, monetary and fiscal policies to restore liquidity and increase credit availability may not be effective. It is difficult to determine the breadth and duration of the economic and financial market problems and the many ways in which they may affect our consumers, suppliers, customers and our business in general. Nonetheless, continuation or further worsening of these difficult financial and macroeconomic conditions could have significant adverse effects on our sales, profitability and results of operations.

The capital and credit markets have been experiencing volatility and disruption for more than twelve months. In recent months, the volatility and disruption has reached unprecedented levels. In some cases, the markets have produced downward pressure on stock prices and credit capacity for certain issuers without regard to those issuers' underlying financial strength. Reflecting concern about the stability of the financial markets generally and the strength of counter-parties, many lenders and institutional investors have reduced, and in some cases, ceased to provide funding to borrowers. Consequently, we cannot predict with any certainty the impact on us of any further disruption in the credit environment nor any resulting material impact on our liquidity or our future financing costs.

financial Projections

The financial projections of the Company are being furnished to prospective investors in connection with this offering, are based on assumptions that the Company believes are reasonable as of the date of this Memorandum. Such assumptions may be incomplete or inaccurate, and unanticipated events and circumstances may occur. For these reasons, actual results achieved during the periods covered are expected to vary from the financial projections, and such variations may be material and adverse. The Company's independent auditors have not compiled or reviewed the financial projections, and accordingly, do not express an opinion on, or any other form of assurance with respect to, such financial projections.

need for additional capital; dilution

The Company's actual capital needs will depend on its actual sales, rate of sales growth, operating profits (or losses), marketing expenses, working capital needs and other factors. Forecasts of such factors are inherently uncertain, and any variation in those factors from the levels used in the projections could result in the Company needing more capital than that shown in the projections. The Company may require additional rounds of financing An inability to raise necessary capital in a timely manner could materially adversely affect the Company's performance or force it out of business. Capital for private ventures, such as the Company, is difficult to obtain, and there can be no assurance that the Company will be able to obtain the financing it needs. Even if the Company is able to raise capital, it may be able to do so only on terms which result in substantial dilution to the then shareholders of the Company.

9 CAPITALIZATION

The following table sets forth the capitalization of the Company at May 31, 2010 and as adjusted to give effect to the proposed sale of Series A Preferred Units in this offering at a price per unit of $0.6165. The number of units at May 31, 2010 and as adjusted give effect to the recapitalization of the Company as described in "Description of Member Rights" below.

Type of Unit	Number at March 31, 2010	Percentage of Fully-Diluted at March 31, 2010	Number As Adjusted	Percentage of Fully-Diluted As Adjusted
Series A Preferred Units	—	—	4,866,180	37.50%
Series 1 Preferred Units	2,100,000	25.89%	2,100,000	16.18%
Common Units	4,760,000	58.69%	4,760,000	36.68%
Profit Interests Units	573,000	7.07%	573,000	4.42%
Available Pool of Profit Interests Units	677,000	8.35%	677,000	5.22%
TOTAL	8,110,000	100.00%	12,976,180	100.00%

10 DESCRIPTION OF MEMBER RIGHTS

The following summary of certain rights of the Members of the Company does not purport to be complete, and is subject to and is qualified in its entirety by the provisions of the Amended and Restated Limited Liability Company Agreement of the Company (the "LLC Agreement"), where such rights are set forth in full, which will be amended in connection with this Offering.

dividends

Commencing in 2012, annual 10% dividend on the Series 1 Preferred Units, payable when and if declared by the Board of Managers, and prior and in preference to any declaration or payment of other dividends except for (i) tax distributions made to all members, as determined by the Board of Managers and (ii) as provided below with respect to the Series A Preferred Units.

Commencing in 2013 annual 10% dividend on the Series A Preferred, payable when and if declared by Board, on a parity with the Series 1 Preferred Units, as provided above.

Dividends are cumulative. For any other dividends or similar distributions, Series A Preferred Units and Series 1 Preferred participates with all classes of Common on an as-converted basis.

liquidation preference

In the event of a liquidation, dissolution or winding-up, the proceeds available for distribution shall be distributed to the members as follows:

First pay 1x the original purchase price plus accrued but unpaid dividends on each Series A Preferred Unit and Series 1 Preferred Unit. In the event the available proceeds are insufficient to pay the full amount of such preference, the proceeds shall be allocated among the Series A Preferred Units and Series 1 Preferred Units on a pro rata basis according to liquidation preferences.

Any remaining proceeds shall be paid on a pro rata basis to the holders of Series 1 Preferred and Common on an as-converted basis. The original purchase price of the Series 1 Preferred Unit is $0.50 per unit.

redemption

The Series A Preferred Units and Series 1 Preferred Units are not redeemable by the holders thereof.

conversion

Each Series A Preferred Unit and Series 1 Preferred Unit will initially be convertible into one unit of Common (subject to antidilution adjustment) at any time at the holder's option.

automatic conversion

Series A Preferred Units and Series 1 Preferred Units automatically convert into Common upon (i) the election of the holders of a majority of the outstanding units of Series A Preferred Units and Series 1 Preferred Units, voting together as a single class; or (ii) following a conversion of the Company into a corporation, the consummation of an underwritten public offering with a price per share corresponding to a pre-IPO valuation of the Company of at least $40 million and aggregate proceeds (net of underwriter discounts and commissions) in excess of $10,000,000 (a "Qualified Public Offering").

antidilution adjustments

Conversion ratio for Series A Preferred Units and Series 1 Preferred Units shall be adjusted on a broad-based, weighted average basis in the event of an issuance below the conversion price applicable to such units then in effect. The initial conversion price per unit for the Series A Preferred Units will be the purchase price per unit, and the initial conversion price per unit for the Series 1 Preferred Units is $0.50.

No adjustment shall be made for (i) the sale of Common units (including Profit Interest Units) reserved for officers, employees, consultants and directors pursuant to equity incentive plans and agreements approved by the Board of Managers, (ii) Common units issued pursuant to a split or similar reorganization, (iii) Common units issued or issuable upon conversion of the Series A Preferred Units or the Series 1 Preferred, (iv) units issued in connection with a bona fide business acquisition by the Company approved by the Board, or (v) securities issued or issuable pursuant to equipment lease financings, bank credit arrangements or other strategic transactions entered into for primarily non-equity financing purposes and approved by the Board of Managers (the "Carveouts").

Proportional adjustments for splits and unit dividends and similar events.

voting rights

The Series A Preferred Units and the Series 1 Preferred Units vote with the Common on an as-converted basis.

The LLC Agreement contains a voting provision whereby each member grants to David Fox a proxy so long as Mr. Fox owns greater than 20% of the outstanding units of the Company (excluding profit interests units) on an as-converted basis.

recapitalization

The Company recently effected a recapitalization of its equity structure whereby each outstanding old Series A Preferred Unit was converted into two Series 1 Preferred Units. Certain holders of Profit Interest Units received similar adjustments.

registration rights

In the event that the Company converts into a corporation:

Piggyback Rights. (a) Holders of the the Series A Preferred Units and the Series 1 Preferred Units (the "Investors"), and (b) Mr. Fox will have unlimited piggyback registration rights subject to pro rata cutback at the underwriter's discretion. Full cutback upon the IPO; 30% minimum inclusion thereafter. Investors will not be subject to cutback unless all other selling stockholders are excluded from registration. Expenses paid by the Company, including expenses of one counsel for the selling stockholders.

S-3 Rights. The Investors and Mr. Fox will have unlimited S-3 Registrations of at least $1,000,000 each upon initiation by holders of 30% of the outstanding Registration Rights. No more than two S-3 Registrations in any 12-month period. Expenses paid by the Company, including reasonable expenses of one counsel for the selling stockholders

Termination. Registration rights terminate (i) five years after the Qualified Public Offering; or (ii) as to any shares, when such shares held can be sold in any 90-day period under Rule 144, whichever occurs first.

Market Standoff. All Investors shall agree not to sell or otherwise transfer an interest in any units owned or controlled by them for a period of up to 180 days following an initial public offering of the Company (provided Mr. Fox, the directors, officers and 1% equityholders of the Company agree to the same lock-up); such agreement shall provide that any discretionary releases from the lock-up be allocated to holders of registrable securities on a pro-rata basis. The Investors shall also agree to sign the underwriter's standard lock-up agreement reflecting the foregoing.

right of first offer

The Investors and Mr. Fox shall have a pro rata right, but not an obligation, based on their percentage equity ownership, assuming full conversion and exercise of all options and other outstanding convertible and exercisable securities to participate in subsequent equity issuances of the Company. Such right shall not apply to the Carveouts and will terminate immediately prior to a Qualified Public Offering.

right of first refusal

Any transfers by the Investors of the Series A Preferred Units and the Series 1 Preferred Units are subject to a right of first refusal in favor of the Company, which may be assigned by the Company. Transfers subject to standard exclusions for estate planning purposes.

financial information

Annual financial reports within 150 days after the end of the fiscal year, and quarterly unaudited financial reports within 45 days after the end of each of the first three quarters.

available pool

Available pool is reserved for employees and consultants of the Company. The units issued through the option pool will be non-voting and will be subject to vesting, with a complete clawback upon the termination of service by the holder.

11 PLAN OF OFFERING

The Company is offering approximately $3,000,000 of Series A Preferred Units. No minimum number of Series A Preferred Units is required to be sold in order to close the sale of the Series A Preferred Units, but potential investors will be provided upon request thereof with an estimate of the total amount of Series A Preferred Units previously sold. The Company reserves the right to increase or decrease the amount of the Series A Preferred Units being offered. The Series A Preferred Stock will be offered and sold only to “accredited investors” (as defined under the Act).

The investors’ agreement to purchase Series A Preferred Units will be evidenced by, among other documents, a Unit Purchase Agreement, and agreement to the LLC Agreement. Each investor will be required to provide immediately available funds equal to the amount of the purchase price of the Series A Preferred Units to be bought by it. The Company may, at its discretion, reject any prospective investor or limit the number of Series A Preferred Units to be purchased by any investor.


ARTÁ
TEQUILA

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