



# **InControl Medical, LLC**

October 23, 2020

Private Placement Memorandum



# InControl Medical, LLC

**CONFIDENTIAL**

This Private Placement Memorandum contains confidential and proprietary information belonging exclusively to InControl Medical, LLC.

**Copyright © 2021**

All Rights Reserved. This Private Placement Memorandum, or parts thereof, may not be reproduced in any form without permission.

This Private Placement Memorandum is provided solely for convenience and does not constitute legal or investment advice. The materials in this Private Placement Memorandum are provided for information purposes only. The information is provided by InControl Medical, LLC, and while we endeavor to keep the information up to date and correct, we make no representations or warranties of any kind, express or implied, about the completeness, accuracy, or reliability of the data contained in this Private Placement Memorandum or the suitability of the offering for an investor.

Any graphics utilized in this Private Placement Memorandum are for display purposes only and, unless otherwise noted, are not necessarily related to the operations of the Company.



# CONTENTS

## 1

### **SYNOPSIS OF OPERATIONS**

Introduction	9
Summary of Terms	10
InControl Products	12
The Market	14
The Management Team	16
Management Discussion	18

### **PRIVATE PLACEMENT MEMORANDUM**

PPM Summary	21
Offering Summary	26
Certain Notices	30
Disclosures	32
NASAA Legend	33
Preliminary Risk Disclosure	37
Plan of Operations	38
Capitalization & Debt Summary	50
Description of Units	51
Litigation	52
Management Compensation	53
Board of Managers	54
Dilution	56
Investor Suitability Standards	57
Forward Looking Information	61
Certain Risk Factors	63
Projections	73
ERISA Considerations	75

## 2

### **EXHIBITS**

Exhibit A: Patent Portfolio	78
Exhibit B: Supporting Documentation	86
Exhibit C: Operating Agreement	92
Exhibit D: Financials	154
Exhibit E: Subscription Agreement & Investor Suitability Questionnaire	174

## 3



# **SECTION 1: Synopsis of Operations**



# INTRODUCTION

---

InControl Medical, LLC (“InControl,” or the “Company”) develops, manufactures, and markets medical devices to treat bladder and bowel leakage in women. The Company is a limited liability company (LLC) formed under the laws of the State of Wisconsin on August 31, 2010. The Executive Officers of the Company are Herschel “Buzz” Peddicord, Barbara Long, Mitch Maritato, and Ann Koveck.

Bladder leakage affects 60 million women in the United States and bowel leakage affects an additional 16 million women. In 90% of cases, bladder leakage is a muscle issue and InControl has worked to solve the underlying issues that cause incontinence without using pads, medications, or surgery. To date, InControl products have helped over 170,000 customers gain control of their urinary and bowel function, with an over 90% effective cure rate.

Since its formation in 2010, InControl has developed several successful products and is the leading provider of FDA cleared, at home medical devices for the treatment of urinary and fecal incontinence. Currently, the Company’s product offerings are as follows:

- 1. Attain®** is the only at-home FDA cleared device for the treatment of overactive bladder (OAB), stress, mixed, and bowel incontinence. Attain® solves incontinence at the source of the problem, the muscle level, without the use of pads or medications. In order to solve incontinence, it’s necessary to calm certain muscles and strengthen others.
- 2. Apex®** is an automatic pelvic exerciser (Kegel Exerciser). Apex® can recondition and tone the muscles in the user’s pelvic floor automatically, and, more effectively than she is capable of on her own.
- 3. Intensity 2.0™** was born from a medical device, and is the only intimate health product available that combines pleasure with pelvic floor toning. The pelvic floor is a group of muscles that surround the vagina and support other structures in the pelvis. Strong pelvic floor muscles provide improved intimacy, sensation and stronger orgasm, along with better bladder control.

For a detailed description of each of the Company’s products see “InControl Products” and “Plan of Operations.”

The Company’s management invites potential accredited investors to carefully review the Company’s Private Placement Memorandum and encourages potential investors to ask questions of management regarding the Company’s forward operational plans and this Offering by calling 262-373-0422.

# SUMMARY OF TERMS

---

**The Company**     ▪ InControl Medical, LLC

---

**Investment Objective**

▪ InControl Medical, LLC develops, manufactures, and markets at-home, FDA cleared medical devices that treat bladder and bowel leakage in women with an over 90% effective cure rate.

▪ InControl is seeking to raise \$10,000,000 in equity capital through a sale of Membership Interests in order to further expand its product development and marketing of its highly effective incontinence products.

---

**Managers**

▪ The executive officers of the Company are Herschel “Buzz” Peddicord, Barbara Long, Mitch Maritato, and Ann Koveck.

---

**Offering Size**

▪ Maximum: \$10,000,000

---

**Unit Price**

▪ Preferred shares at 20% discount to common

---

**Minimum Subscription Amount**

▪ Each investor must subscribe for a minimum dollar amount equal to at least \$50,000 although the Company may, in its sole discretion, waive this minimum.

## Offering Terms & Distributions

The Company is offering Preferred shares at a 20% discount to common shares. Common 0.25 Preferred 0.20 per unit. Preferred units will be paid out first in case of exit or distribution to unit holders.

### Cash Flow Distributions

From time to time the Board of Managers may determine the amount of cash or other property of the Company that is not needed for: (i) the operation of the Company; (ii) Reserves; or (iii) the future expansion or growth of the business of the Company. To the extent permitted by law, such amount shall be distributed to the Members (a "Cash Flow Distribution") annually or more frequently, as determined by the Board of Managers. Each Cash Flow Distribution shall be paid to the Members in proportion to the number of Units owned by each Member on the date of the declaration of the Cash Flow Distribution. Amounts to be distributed to a Member pursuant to Section 7.2 of the Company's Operating Agreement shall be reduced by the amount of any amounts previously advanced to such Member pursuant to Section 2.10 or 7.1 of the Company's Operating Agreement that have not been previously offset.

Each Member is entitled to one vote for each unit held on each matter submitted to a vote of the members. In the event of the dissolution, liquidation or winding up of the Company, the assets then legally available for distribution to the Members will be distributed ratably to all Members of the Company in proportion to their units. Members are only entitled to profit distributions when and if declared by the Company out of funds legally available therefore.

See "Exhibit C: Operating Agreement" for specific rights and terms related to these Membership Units.

## Offering Period

The Offering will terminate on the earliest of: (a) the date the Company, in its discretion, elects to terminate, or (b) the date upon which all Units have been sold, or (c) April 23, 2021, or such date as may be extended from time to time by the Company, but not later than 180 days thereafter (the "Offering Period").

# INCONTROL PRODUCTS

Attain



## ATTAIN®

Attain® is a non-invasive option for the at-home treatment of urinary and/or fecal incontinence in women. Attain® is FDA cleared, and there is no prescription required.

Attain® provides muscle stimulation, visual biofeedback, and a guided exercise program to eliminate stress, urge (OAB) and mixed urinary incontinence and fecal incontinence without side effects of most treatments available on the market today. Attain® works with the consumers body to solve incontinence naturally, at the source – the muscle level. At a price point of less than \$500, Attain® is available through physician offices, physical therapy clinics and over the counter, direct to consumer from InControl Medical.

apex



## APEX®

Apex® is an automatic pelvic floor exerciser that is FDA cleared to cure stress incontinence by tightening and toning the pelvic floor muscles. The Apex® muscle stimulation feature automatically strengthens the muscles of the pelvic floor more efficiently than the consumer can do on her own. Strong pelvic floor muscles provide better overall bladder control and eliminates stress incontinence.

Besides eliminating the symptoms of stress incontinence, there are other benefits to a healthy pelvic floor:

- Bladder Control
- Improved intimacy for you and your partner
- Keeps your pelvic floor organs in place
- Faster recovery from childbirth

Intensity 



### INTENSITY 2.0™

Intensity 2.0™ is an intimate health and stimulation device designed to specifically aid women with sexual dysfunction. More than 50% of women have some type of sexual dysfunction such as vaginal dryness, painful intercourse, and anorgasmia (the inability to achieve orgasm that affects 15% of all women.)

Intensity's Muscle stimulation provides the "mind muscle connection", as Intensity automatically strengthens your pelvic floor muscles, it teaches you how an effective, properly performed Kegel exercise should feel—allowing you to learn proper technique. With added inflation, Intensity's vibration activates more nerves, meaning your body is learning to experience more sensation with every session.

## FUTURE PRODUCTS



### INTONE II

InTone II® is a higher end product that offers even more features than Attain®. InTone II not only cures stress, urge, and mixed urinary incontinence and bowel leakage, it displays actual clinical data on muscle strength in 100's of a pound per square inch. This enables patients and their physicians to visually see each day's improvement in muscle strength.



### APEX 2.0®

Apex 2.0® is a lower cost replacement for our existing Apex® product. The lower COGS will enable ICM to sell its products through drug stores and Walmart and still make a 50% gross margin.

# THE MARKET

---

## The Current Market Outlook for Urinary Incontinence Devices

Global Urinary Incontinence Devices market accounted for \$1,634.23 Million in 2017 and is expected to reach \$4,804.40 Million by 2026 growing at a CAGR of 12.7% from 2017 to 2026.

Some of the factors such as increasing demand for minimally invasive or non-surgical products, rising incidence of Parkinson's disease and development of innovative urinary incontinence devices are driving market growth. Moreover, growth of healthcare expenditure in developing economies will provide ample opportunities for market growth. However, factors such as less awareness of novel developments and post-operative problems related with the devices hampers the market growth.

Urinary incontinence is uncontrolled leakage of urine due to loss of bladder control. Many people across the world are affected by urinary incontinence and women are more affected than men. Factors such as Pelvic surgery, pregnancy, urethral sphincters, menopause, and childbirth, and post radical prostatectomy surgery leads to the development of urinary incontinence. Urinary incontinence is highly under-reported primarily due to embarrassment to speak about it. It is over and over again a result of an underlying medical condition but is under-reported to medical practitioners.

By Product, the Electrical Stimulation Device segment registered significant share during the forecast period. The Electrical Stimulation Device is used to treat urinary incontinence by sending a mild electric current to nerves in the lower back or the pelvic muscles that are involved in urination. By geography, North America dominated the largest market share due to favourable medical compensation policies, well-established health care facilities and early adoption of technically superior products for the management of urinary incontinence.

*Source: prnewswire.com*



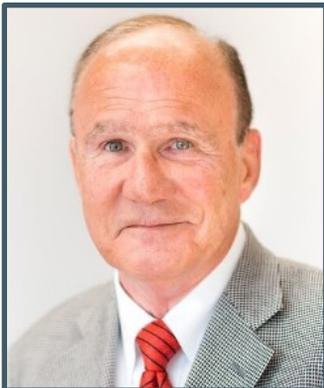
# THE MANAGEMENT TEAM

---

## Invest Alongside Sector Professionals

The Company is managed by seasoned business professionals with extensive business and medical sector experience. The management team is dedicated to the success of the Company and to maximizing the investment performance of the Company.

At the present time, four individuals are actively involved in the management of the Company.



**Herschel "Buzz" Peddicord**  
*Founder & CEO*

Previous to founding InControl Medical, Buzz was the founder and President of HomMed, LLC, which manufactured in-home health monitoring products for chronically ill patients. The company generated \$38M in annual sales and became the world's largest telemedicine company. Buzz subsequently sold the company to Honeywell in 2004 for 130 million dollars.

Buzz's background includes product development for Criticare Systems, an International medical device company, and sales for Biotronik and US Surgical.



**Barbara Long**  
*CFO*

Barbara is responsible for all financial aspects of InControl Medical, and her role includes managing all accounting and human resource issues. She maintains and prepares all financial reports while overseeing the transaction processes. Previous to InControl Medical, Barbara worked at HomMed managing the accounting processes and preparing all the financial reports.



**Mitch Maritato**  
*Chief Operating Officer*

Mitch is responsible for Manufacturing, Engineering, Quality and Regulatory, Inventory Management, Procurement, Shipping and Receiving. His 30 years of industry experience includes designing and implementing process improvements to increase productivity and reduce raw material waste, as well as designing, testing and manufacturing of Class III Implantable Medical Devices. He also has achieved ISO 9001 and 13485 certifications. Previous to starting his work at InControl in 2011, Mitch was VP of Manufacturing and Operations, for EmbedTek, LLC. Prior to that, he served as an Applications Engineer, and then Director of Quality at Granite Microsystems, Inc.



**Ann Koveck, RN, BSN**  
*Chief Clinical Officer*

Ann is responsible for the Clinical Services Department, Ann's role includes product education and training, as well as customer, sales and end user support. Ann also works closely with senior management to design effective products and protocols for the company. Previous to InControl, Ann worked at HomMed as SVP of Clinical Services, Biotronik as Regional Sales Manager, and Criticare Systems as Regional Sales Consultant.

# Management Discussion

---

If I had to describe InControl Medical in one word, that word would be nimble. Every company, at some time in its life cycle, faces a potential body blow that can end it. In its brief ten-year history ICM has faced three significant blows.

In 2013, ICM was growing rapidly with a revolutionary product that was 90% effective at stopping bladder leakage in women. We had 1,300 OBGYN clinics using our products and were months from profitability. Then the Affordable Care Act came along and destroyed the entire business model. Immediately after the Act went into effect three things happened that changed everything. Insurance companies reduced reimbursement on hundreds of medical devices to a level that selling products wholesale to physicians for resale to their patients or their insurance companies was untenable. Then insurance companies dramatically increased customers deductibles, making it highly unlikely that the average family would ever exceed their deductible and be able to take advantage of insurance reimbursement. Finally, the Affordable Care Act mandated a 2.7% tax on medical devices to help pay for the subsidies that paid for the coverage.

This change necessitated redesigning all products for sale to consumers for at home use and resubmitting to the FDA for clearance for over-the-counter sales. This conversion did not stop physicians from recommending our products, but the financial incentive was no longer there. The redesign and resubmission took 18 months, but the result was a more advanced, easier to use product that could be sold to the average person, ApexM. 70% of women with bladder leakage never tell their doctor they have the problem, mostly out of embarrassment. The changes we were forced into had a positive effect in that instead of the 30% of the market which is the professional office market we began to address the 70% who want to order a product and keep it secret. We still sell to doctors and physical therapists, but we've found that women who learn about our products buy them at a significantly better gross margin.

The second blow came courtesy of Medicare. Medicare decided that they would no longer buy hundreds of products, they would only rent them. ICM products were included in the rental group. This change cost ICM one third of its revenue. However, there was a silver lining. We applied for and received, after financial audits, quality audits and having our major shareholders fingerprinted, certification as a Medicare Preferred provider. While Medicare only rents our products for 13 months to Medicare patients, they pay 150% of our retail price spread over that 13 months. For example, our state of the art Attain product that sells for 500.00, brings us 750.00 from Medicare patients. There are 16.7 million women on Medicare with urinary incontinence who can now get our product for little or no cost to them because Medicare pays us a premium to provide it. Our goal is to reach them all with that good news.

In January and February of 2020 sales were climbing with a combination of digital social media marketing and a dose of television. Then the Governor of Wisconsin issued a partial lockdown for two months necessitating the layoff of more than half our staff. In October, the cost of ads on social media went up by 600% because of the election dramatically reducing the number of ads we could buy with our budget. While we were expecting an exceptional year in sales and did not get it, we were able to fine tune our marketing skills, develop a new product, Intensity2.0, and achieved international quality standard MDSAP certification.

So, who is InControl Medical today? InControl is nimble and able to take bad news and find the silver lining. InControl is a company determined to improve every day. We have the ultimate medical device for the at home treatment of urinary and fecal incontinence, and the only one cleared for direct-to-consumer sales by the FDA, we have every available quality manufacturing certification available, 47 issued patents to protect our technology and the ability to sell directly to Medicare patients and bill Medicare. What's missing? The ability to let women with incontinence know that we have the solution to their misery and that is why we are fund raising. With a well-defined marketing plan, which we have, and budget which we don't have, we can grow exponentially.

Herschel "Buzz" Peddicord

President/CEO

## **SECTION 2: Private Placement Memorandum**



# InControl Medical, LLC

**\$10,000,000**

Limited Liability Company Membership Units

October 23, 2020

InControl Medical, LLC (the "Company" or "InControl"), a Wisconsin Company, is offering a minimum of 1,000,000 and a maximum of 40,000,000 Membership Units for \$0.20 per unit. The offering price per unit has been arbitrarily determined by the Company. See Risk Factors: Offering Price.

THESE ARE SPECULATIVE SECURITIES, WHICH INVOLVE A HIGH DEGREE OF RISK. ONLY THOSE INVESTORS WHO CAN BEAR THE LOSS OF THEIR ENTIRE INVESTMENT SHOULD INVEST IN THESE UNITS.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), THE SECURITIES LAWS OF THE STATE OF WISCONSIN, OR UNDER THE SECURITIES LAWS OF ANY OTHER STATE OR JURISDICTION IN RELIANCE UPON THE EXEMPTIONS FROM REGISTRATION PROVIDED BY THE ACT AND REGULATION D RULE 506(C) PROMULGATED THEREUNDER, AND THE COMPARABLE EXEMPTIONS FROM REGISTRATION PROVIDED BY OTHER APPLICABLE SECURITIES LAWS.

	<b>Sales Price</b>	<b>Est. Commissions (2)</b>	<b>Proceeds to Company</b>
<b>Unit Price</b>	\$0.20	\$0.0125	\$0.2375
<b>Maximum</b>	\$10,000,000	\$500,000	\$9,500,000
<b>Minimum (1)</b>	\$250,000	\$12,500	\$237,500

---

(1)The Company reserves the right to waive the 40,000 Unit minimum subscription for any investor. The Offering is not underwritten. The Units are offered on a “best efforts” basis by the Company through its officers and directors. The Company has set a minimum offering amount of 1,000,000 Units with minimum gross proceeds of \$250,000 for this Offering. All proceeds from the sale of Units up to \$250,000 will be deposited in a segregated investment Holding Account. Upon the sale of \$250,000 of Units, all proceeds will be delivered directly to the Company’s corporate account and be available for use by the Company at its discretion. Should the Offering fail to reach the Minimum Offering Amount by the end of the Offering Term, then all invested funds held in the Holding Account will be returned in full immediately to subscribed investors and any subscription agreements executed between subscribed investors and the Company will be void ab initio.

(2)Units may also be sold by FINRA member brokers or dealers who enter into a Participating Dealer Agreement with the Company, who will receive commissions of up to 10% of the price of the Units sold. The Company reserves the right to pay expenses related to this Offering from the proceeds of the Offering. See “PLAN OF PLACEMENT and USE OF PROCEEDS” section.

The Offering will terminate on the earliest of: (a) the date the Company, in its discretion, elects to terminate, or (b) the date upon which all Units have been sold, or (c) April 23, 2021, or such date as may be extended from time to time by the Company, but not later than 180 days thereafter (the “Offering Period”).

**Securities may be purchased by the affiliates of the issuer or other parties with a financial interest in the offering**

Securities may be purchased by the affiliates of the issuer, or by other persons who will receive fees or other compensation or gain dependent upon the success of this offering. Such purchases may be made at any time, and will be counted in determining whether the required minimum level of purchases has been met for the closing of the offering. Investors therefore should not expect that the sale of sufficient securities to reach the specified minimum, or in excess of that minimum, indicates that such sales have been made to investors who have no financial or other interest in the offering, or who otherwise are exercising independent investment discretion.

The sale of the specified minimum, while necessary to the business operations of the issuer, is not designed as a protection to investors, to indicate that their investment decision is shared by other unaffiliated investors. Because there may be substantial purchases by affiliates of the issuer, or other persons who will receive fees or other compensation or gain dependent upon the success of the offering, no individual investor should place any reliance on the sale of the specified minimum as an indication of the merits of this offering. Each investor must make his own investment decision as to the merits of this offering.

---

**FLORIDA RESIDENTS:** INVESTORS WHO RESIDE IN FLORIDA ARE PROVIDED A THREE (3) DAY RIGHT OF RESCISSION OF ANY INVESTMENT TENDERED TO THE COMPANY AND CALCULATED FROM THE DATE OF THE SUBSCRIPTION.

THIS OFFERING IS NOT UNDERWRITTEN. THE OFFERING PRICE HAS BEEN ARBITRARILY SET BY THE MANAGEMENT OF THE COMPANY. THERE CAN BE NO ASSURANCE THAT ANY OF THE SECURITIES WILL BE SOLD.

THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY, NOR HAS ANY SUCH REGULATORY BODY REVIEWED THIS PRIVATE OFFERING MEMORANDUM FOR ACCURACY OR COMPLETENESS. BECAUSE THESE SECURITIES HAVE NOT BEEN SO REGISTERED, THERE MAY BE RESTRICTIONS ON THEIR TRANSFERABILITY OR RESALE BY AN INVESTOR.

EACH PROSPECTIVE INVESTOR SHOULD PROCEED ON THE ASSUMPTION THAT HE MUST BEAR THE ECONOMIC RISKS OF THE INVESTMENT FOR AN INDEFINITE PERIOD, SINCE THE SECURITIES MAY NOT BE SOLD UNLESS, AMONG OTHER THINGS, THEY ARE SUBSEQUENTLY REGISTERED UNDER THE APPLICABLE SECURITIES ACTS OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

THERE IS NO TRADING MARKET FOR THE COMPANY'S MEMBERSHIP UNITS AND THERE CAN BE NO ASSURANCE THAT ANY MARKET WILL DEVELOP IN THE FUTURE OR THAT THE UNITS WILL BE ACCEPTED FOR INCLUSION ON NASDAQ OR ANY OTHER TRADING EXCHANGE AT ANY TIME IN THE FUTURE.

THE COMPANY IS NOT OBLIGATED TO REGISTER FOR SALE UNDER EITHER FEDERAL OR STATE SECURITIES LAWS THE UNITS PURCHASED PURSUANT HERETO, AND THE ISSUANCE OF THE UNITS IS BEING UNDERTAKEN PURSUANT TO RULE 506(c) OF REGULATION D UNDER THE SECURITIES ACT.

ACCORDINGLY, THE SALE, TRANSFER, OR OTHER DISPOSITION OF ANY OF THE UNITS, WHICH ARE PURCHASED PURSUANT HERETO, MAY BE RESTRICTED BY APPLICABLE FEDERAL OR STATE SECURITIES LAWS (DEPENDING ON THE RESIDENCY OF THE INVESTOR) AND BY THE PROVISIONS OF THE SUBSCRIPTION AGREEMENT REFERRED TO HEREIN. THE OFFERING PRICE OF THE SECURITIES HAS BEEN ARBITRARILY ESTABLISHED BY THE COMPANY AND DOES NOT NECESSARILY BEAR ANY SPECIFIC RELATION TO THE ASSETS, BOOK VALUE OR POTENTIAL EARNINGS OF THE COMPANY OR ANY OTHER RECOGNIZED CRITERIA OF VALUE.

The executive officers of the Company have provided all of the information stated herein. The Company makes no express or implied representation or warranty as to the completeness of this information or, in the case of projections, estimates, future plans, or forward looking assumptions or statements, as to their attainability or the accuracy and completeness of the assumptions from which they are derived, and it is expected that each prospective investor will pursue his, her, or its own independent investigation. It must be recognized that estimates of the Company's performance are necessarily subject to a high degree of uncertainty and may vary materially from actual results.

Other than the Company's Management, no one has been authorized to give any information or to make any representation with respect to the Company or the Units that is not contained in this Memorandum. Prospective investors should not rely on any information not contained in this Memorandum.

This Memorandum does not constitute an offer to sell or a solicitation of an offer to buy to anyone in any jurisdiction in which such offer or solicitation would be unlawful or is not authorized or in which the person making such offer or solicitation is not qualified to do so. This offering is only available to suitable "accredited" investors as defined by Rule 501 of Regulation D and all subscriptions for purchase of securities will be subject to verification by the Company of the investors status as an accredited investor.

This Memorandum does not constitute an offer if the prospective investor is not qualified under applicable securities laws.

This offering is made subject to withdrawal, cancellation, or modification by the Company without notice and solely at the Company's discretion. The Company reserves the right to reject any subscription or to allot to any prospective investor less than the number of Units subscribed for by such prospective investor.

This Memorandum has been prepared solely for the information of the person to whom it has been delivered by or on behalf of the Company. Distribution of this Memorandum to any person other than the prospective investor to whom this Memorandum is delivered by the Company and those persons retained to advise them with respect thereto is unauthorized. Any reproduction of this Memorandum, in whole or in part, or the divulgence of any of the contents without the prior written consent of the Company is strictly prohibited. Each prospective investor, by accepting delivery of this Memorandum, agrees to return it and all other documents received by them to the Company if the prospective investor's subscription is not accepted or if the Offering is terminated.

By acceptance of this Memorandum, prospective investors recognize and accept the need to conduct their own thorough investigation and due diligence before considering a purchase of the Units. The contents of this Memorandum should not be considered to be investment, tax, or legal advice and each prospective investor should consult with their own counsel and advisors as to all matters concerning an investment in this Offering.

# InControl Medical, LLC

The date of this Private Placement Memorandum is October 23, 2020.

## OFFERING SUMMARY

The following material is intended to summarize information contained elsewhere in this Private Offering Memorandum (the "Memorandum"). This summary is qualified in its entirety by express reference to this Memorandum and the materials referred to and contained herein.

Each prospective subscriber should carefully review the entire Memorandum and all materials referred to herein and conduct his or her own due diligence before subscribing for Membership Units.

---

## THE COMPANY

InControl Medical, LLC (“InControl,” or the “Company”), began operations on January 2011 with the purpose of developing, manufacturing, and marketing at-home, FDA cleared medical devices to treat bladder and bowel leakage in women. The Company’s legal structure was formed as a limited liability company (LLC) under the laws of the State of Wisconsin on August 31, 2010.

Its principal offices are presently located at 3225 Gateway Road, Suite 250, Brookfield, WI 53045. The Company’s telephone number is 262-373-0422. The Executive Officers of the Company are Herschel “Buzz” Peddicord, Barbara Long, Mitch Maritato, and Ann Koveck.

## BENEFITS OF LLC MEMBERSHIP

The LLC is a hybrid that combines the characteristics of a corporate structure and a partnership structure. It is a separate legal entity like a corporation but it has entitlement to be treated as a partnership for tax purposes and therefore carries with it certain tax benefits for the investors.

The owners and investors are called members and can be virtually any entity including individuals (domestic or foreign), corporations, other LLCs, trusts, pension plans etc. Unlike corporate stocks and shares, members purchase Membership Units. Typically, Members who hold the majority of the voting class membership units, or the designated Manager, maintain control over management of the LLC as specified in the LLC operating agreement.

The primary advantage of an LLC is limiting the liability of its members. Unless personally guaranteed, members are not personally liable for the debts and obligations of the LLC. Additionally, “pass-through” or “flow-through” taxation is available, meaning that (generally speaking) the earnings of an LLC are not subject to double taxation unlike that of a “standard” corporation. However, they are treated like the earnings from partnerships, sole proprietorships and S corporations with an added benefit for all of its members. There is greater flexibility in structuring the LLC than is ordinarily the case with a corporation, including the ability to divide ownership and voting rights in unconventional ways while still enjoying the benefits of “pass-through” taxation.

---

## FORWARD BUSINESS PLANS

Portions of the InControl Medical, LLC forward business plans, as disclosed in this Memorandum, were prepared by the Company using assumptions, including several forward looking statements. Each prospective investor should carefully review this Memorandum and all related exhibits before purchasing Units. Management makes no representations as to the accuracy or achievability of the underlying assumptions and projected results contained herein.

## THE OFFERING

The Company is offering a minimum of 1,250,000 and a maximum of 50,000,000 Membership Units at a price of \$0.20 per Unit. Upon completion of the Offering between 138,180,000 and 177,180,000 Membership Units will be issued. Purchasers of Membership Units through this Offering shall be admitted as Members within the Company. Net cash flow available for distribution to the Members will be allocated in accordance with the Operating Agreement on a pro-rata basis calculated based on the aggregate number of Membership Units held by such Members.

### Cash Flow Distributions

From time to time the Board of Managers may determine the amount of cash or other property of the Company that is not needed for: (i) the operation of the Company; (ii) Reserves; or (iii) the future expansion or growth of the business of the Company. To the extent permitted by law, such amount shall be distributed to the Members (a "Cash Flow Distribution") annually or more frequently, as determined by the Board of Managers. Each Cash Flow Distribution shall be paid to the Members in proportion to the number of Units owned by each Member on the date of the declaration of the Cash Flow Distribution. Amounts to be distributed to a Member pursuant to Section 7.2 of the Company's Operating Agreement shall be reduced by the amount of any amounts previously advanced to such Member pursuant to Section 2.10 or 7.1 of the Company's Operating Agreement that have not been previously offset.

Each Member is entitled to one vote for each unit held on each matter submitted to a vote of the members. In the event of the dissolution, liquidation or winding up of the Company, the assets then legally available for distribution to the Members will be distributed ratably to all Members of the Company in proportion to their units. Members are only entitled to profit distributions when and if declared by the Company out of funds legally available therefore. See "Exhibit C: Operating Agreement" for specific rights and terms related to these Membership Units.

Each purchaser must execute a Subscription Agreement making certain representations and warranties to the Company, including such purchaser's qualifications as an Accredited Investor. See "INVESTOR SUITABILITY STANDARDS" section.

---

## USE OF PROCEEDS

Proceeds from the sale of Units will be used for: marketing, new product development, and working capital. See “USE OF PROCEEDS” section.

## MINIMUM OFFERING PROCEEDS; ESCROW OF SUBSCRIPTION FUNDS

The Company has set a minimum offering proceeds figure of \$250,000 (the “minimum offering proceeds”) for this Offering. The Company has established a segregated Company managed bank Holding Account with First Midwest Bank, into which the minimum offering proceeds will be placed. At least 1,000,000 Units must be sold for \$250,000 before such proceeds will be released from the holding account and utilized by the Company. Should the Offering fail to reach the Minimum Offering Amount by the end of the Offering Term, then all invested funds held in the Holding Account will be returned in full immediately to subscribed investors, without interest, and any subscription agreements executed between subscribed investors and the Company will be void ab initio.

## REGISTRAR

The Company will serve as its own registrar and transfer agent with respect to its Membership Units.

## MEMBERSHIP UNITS

Upon the sale of the maximum number of Units from this Offering, the percentage and class of issued Membership Units of the Company will be held as follows:

Current Members	77.4%
New Members	22.6%

## SUBSCRIPTION PERIOD

The Offering will terminate on the earliest of: (a) the date the Company, in its discretion, elects to terminate, or (b) the date upon which all Units have been sold, or (c) April 23, 2021, or such date as may be extended from time to time by the Company, but not later than 180 days thereafter (the “Offering Period”).

# CERTAIN NOTICES

---

FOR RESIDENTS OF ALL STATES:

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (“SECURITIES ACT”), OR THE SECURITIES LAWS OF CERTAIN STATES ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS OF SAID ACT AND SUCH LAWS. THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THIS OFFERING IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MIGHT BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. AN INVESTOR MUST REPRESENT THAT THE SECURITIES ARE BEING ACQUIRED FOR INVESTMENT PURPOSES ONLY, AND NOT WITH A VIEW TO OR PRESENT INTENTION OF DISTRIBUTION.

THIS PRIVATE PLACEMENT MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO. IN ADDITION, THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM CONSTITUTES AN OFFER ONLY TO THE OFFEREE NAMED.

---

EXCEPT AS OTHERWISE INDICATED, THIS MEMORANDUM SPEAKS AS OF THE DATE OF THE MEMORANDUM AND NEITHER THE DELIVERY HEREOF NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE CONDITION OF THE COMPANY SINCE THE DATE HEREOF.

NO PERSON HAS BEEN AUTHORIZED TO MAKE REPRESENTATIONS OR PROVIDE ANY INFORMATION OTHER THAN THAT CONTAINED IN THIS PRIVATE PLACEMENT MEMORANDUM AND ACTUAL DOCUMENTS (SUMMARIZED HEREIN), WHICH ARE FURNISHED UPON REQUEST TO AN OFFEREE, OR HIS REPRESENTATIVE MAY BE RELIED UPON IN CONNECTION WITH THIS OFFERING. PROSPECTIVE PURCHASERS OF THE SECURITIES ARE NOT TO CONSTRUE THE CONTENTS OF THIS PRIVATE PLACEMENT MEMORANDUM AS LEGAL OR TAX ADVICE.

EACH PROSPECTIVE PURCHASER SHOULD CONSULT HIS OWN PROFESSIONAL ADVISORS AS TO LEGAL, TAX, AND RELATED MATTERS CONCERNING HIS INVESTMENT. THIS PRIVATE PLACEMENT MEMORANDUM HAS BEEN PREPARED FROM DATA SUPPLIED BY SOURCES DEEMED RELIABLE AND DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR KNOWINGLY CONTAIN ANY UNTRUE STATEMENT OF ANY MATERIAL FACT. IT CONTAINS A SUMMARY OF THE MATERIAL PROVISIONS OF DOCUMENTS REFERRED TO HEREIN. STATEMENTS MADE WITH RESPECT TO THE PROVISIONS OF SUCH DOCUMENTS ARE NOT NECESSARILY COMPLETE AND REFERENCE IS MADE TO THE ACTUAL DOCUMENTS FOR COMPLETE INFORMATION AS TO THE RIGHTS AND OBLIGATIONS THERETO.

# DISCLOSURES

---

THERE IS NO TRADING MARKET FOR THE COMPANY'S SECURITIES AND THERE CAN BE NO ASSURANCE THAT ANY MARKET WILL DEVELOP IN THE FUTURE OR THAT THE UNITS WILL BE ACCEPTED FOR INCLUSION ON NASDAQ OR ANY OTHER TRADING EXCHANGE AT ANY TIME IN THE FUTURE. THE COMPANY IS NOT OBLIGATED TO REGISTER FOR SALE UNDER EITHER FEDERAL OR STATE SECURITIES LAWS THE SECURITIES PURCHASED PURSUANT HERETO, AND THE ISSUANCE OF THE UNITS IS BEING UNDERTAKEN PURSUANT TO RULE 506(c) OF REGULATION D UNDER THE SECURITIES ACT.

ACCORDINGLY, THE SALE, TRANSFER, OR OTHER DISPOSITION OF ANY OF THE UNITS, WHICH ARE PURCHASED PURSUANT HERETO, MAY BE RESTRICTED BY APPLICABLE FEDERAL OR STATE SECURITIES LAWS (DEPENDING ON THE RESIDENCY OF THE INVESTOR) AND BY THE PROVISIONS OF THE SUBSCRIPTION AGREEMENT REFERRED TO HEREIN.

THIS MEMORANDUM HAS BEEN PREPARED SOLELY FOR THE INFORMATION OF THE PERSON TO WHOM IT HAS BEEN DELIVERED BY OR ON BEHALF OF THE COMPANY. DISTRIBUTION OF THIS MEMORANDUM TO ANY PERSON OTHER THAN THE PROSPECTIVE INVESTOR TO WHOM THIS MEMORANDUM IS DELIVERED BY THE COMPANY AND THOSE PERSONS RETAINED TO ADVISE THEM WITH RESPECT THERETO IS UNAUTHORIZED.

ANY REPRODUCTION OF THIS MEMORANDUM, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF THE CONTENTS WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY IS STRICTLY PROHIBITED. EACH PROSPECTIVE INVESTOR, BY ACCEPTING DELIVERY OF THIS MEMORANDUM, AGREES TO RETURN IT AND ALL OTHER DOCUMENTS RECEIVED BY THEM TO THE COMPANY IF THE PROSPECTIVE INVESTOR'S SUBSCRIPTION IS NOT ACCEPTED OR IF THE OFFERING IS TERMINATED.

TREASURY DEPARTMENT CIRCULAR 230 NOTICE. TO ENSURE COMPLIANCE WITH CIRCULAR 230, INVESTORS ARE HEREBY NOTIFIED THAT: (I) ANY DISCUSSION OF FEDERAL TAX ISSUES CONTAINED OR REFERENCED TO IN THIS MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, OR THE CODE; (II) ANY SUCH DISCUSSION IS MADE IN CONNECTION WITH THE PROMOTION AND MARKETING BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED IN THIS MEMORANDUM; AND (III) INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

# NASAA LEGEND

---

## NASAA LEGEND

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER 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.

THESE SECURITIES MAY BE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER FEDERAL AND STATE SECURITIES LAWS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

## NOTICE TO NON-UNITED STATES RESIDENTS

IT IS THE RESPONSIBILITY OF ANY ENTITIES WISHING TO PURCHASE THE UNITS TO SATISFY THEMSELVES AS TO FULL OBSERVANCE OF THE LAWS OF ANY RELEVANT TERRITORY OUTSIDE THE UNITED STATES IN CONNECTION WITH ANY SUCH PURCHASE, INCLUDING OBTAINING ANY REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER APPLICABLE FORMALITIES.

BY ACCEPTANCE OF THIS MEMORANDUM, PROSPECTIVE INVESTORS RECOGNIZE AND ACCEPT THE NEED TO CONDUCT THEIR OWN THOROUGH INVESTIGATION AND DUE DILIGENCE BEFORE CONSIDERING A PURCHASE OF THE UNITS. THE CONTENTS OF THIS MEMORANDUM SHOULD NOT BE CONSIDERED TO BE INVESTMENT, TAX, OR LEGAL ADVICE AND EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH THEIR OWN COUNSEL AND ADVISORS AS TO ALL MATTERS CONCERNING AN INVESTMENT IN THIS OFFERING.

---

## **PATRIOT ACT RIDER**

THE INVESTOR HEREBY REPRESENTS AND WARRANTS THAT THE INVESTOR IS NOT, NOR IS IT ACTING AS AN AGENT, REPRESENTATIVE, INTERMEDIARY OR NOMINEE FOR, A PERSON IDENTIFIED ON THE LIST OF BLOCKED PERSONS MAINTAINED BY THE OFFICE OF FOREIGN ASSETS CONTROL, U.S. DEPARTMENT OF TREASURY. IN ADDITION, THE INVESTOR HAS COMPLIED WITH ALL APPLICABLE U.S. LAWS, REGULATIONS, DIRECTIVES, AND EXECUTIVE ORDERS RELATING TO ANTI-MONEY LAUNDERING, INCLUDING BUT NOT LIMITED TO THE FOLLOWING LAWS:

(1) THE UNITING AND STRENGTHENING AMERICA BY PROVIDING APPROPRIATE TOOLS REQUIRED TO INTERCEPT AND OBSTRUCT TERRORISM ACT OF 2001, PUBLIC LAW 107-56, AND (2) EXECUTIVE ORDER 13224 (BLOCKING PROPERTY AND PROHIBITING TRANSACTIONS WITH PERSONS WHO COMMIT, THREATEN TO COMMIT, OR SUPPORT TERRORISM) OF SEPTEMBER 11, 2001.

EACH PROSPECTIVE INVESTOR WILL BE GIVEN AN OPPORTUNITY TO ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM, MANAGEMENT OF THE COMPANY CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING AND TO OBTAIN ANY ADDITIONAL INFORMATION, TO THE EXTENT THE COMPANY POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORTS OR EXPENSE, NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION CONTAINED IN THIS MEMORANDUM.

IF YOU HAVE ANY QUESTIONS WHATSOEVER REGARDING THIS OFFERING, OR DESIRE ANY ADDITIONAL INFORMATION OR DOCUMENTS TO VERIFY OR SUPPLEMENT THE INFORMATION CONTAINED IN THIS MEMORANDUM, PLEASE WRITE OR CALL THE COMPANY AT THE ADDRESS AND PHONE NUMBER LISTED IN THIS PRIVATE OFFERING MEMORANDUM.

---

**THE MANAGEMENT OF THE COMPANY HAS PROVIDED ALL OF THE INFORMATION STATED HEREIN.**

**THE COMPANY MAKES NO EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY AS TO THE COMPLETENESS OF THIS INFORMATION OR, IN THE CASE OF PROJECTIONS, ESTIMATES, FUTURE PLANS, OR FORWARD LOOKING ASSUMPTIONS OR STATEMENTS, AS TO THEIR ATTAINABILITY OR THE ACCURACY AND COMPLETENESS OF THE ASSUMPTIONS FROM WHICH THEY ARE DERIVED, AND IT IS EXPECTED THAT EACH PROSPECTIVE INVESTOR WILL PURSUE HIS, HER, OR ITS OWN INDEPENDENT INVESTIGATION.**

**IT MUST BE RECOGNIZED THAT ESTIMATES OF THE COMPANY'S PERFORMANCE ARE NECESSARILY SUBJECT TO A HIGH DEGREE OF UNCERTAINTY AND MAY VARY MATERIALLY FROM ACTUAL RESULTS.**



# PRELIMINARY RISK DISCLOSURE STATEMENT

YOU SHOULD CAREFULLY CONSIDER WHETHER YOUR FINANCIAL CONDITION PERMITS YOU TO PARTICIPATE IN THIS INVESTMENT.

IN DOING SO, YOU SHOULD BE AWARE THAT AN INVESTMENT WITH OUR COMPANY MAY BE VOLATILE AND LOSSES FROM ITS BUSINESS ACTIVITIES MAY REDUCE THE NET ASSET VALUE OF THE COMPANY.

INVESTORS MAY LOSE ALL OR PART OF THEIR INVESTMENT.

THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER FACTORS NECESSARY TO EVALUATE YOUR PARTICIPATION IN THIS COMPANY. THEREFORE, BEFORE YOU DECIDE TO PARTICIPATE IN AN INVESTMENT IN THIS COMPANY, YOU SHOULD CAREFULLY STUDY THIS DISCLOSURE DOCUMENT, INCLUDING A DISCUSSION OF POTENTIAL RISKS RELATED TO THIS INVESTMENT.

# PLAN OF OPERATIONS

---

InControl Medical, LLC (“InControl,” or the “Company”) develops, manufactures, and markets medical devices to treat bladder and bowel leakage in women. The Company is a limited liability company (LLC) formed under the laws of the State of Wisconsin on August 31, 2010. The Executive Officers of the Company are Herschel “Buzz” Peddicord, Barbara Long, Mitch Maritato, and Ann Koveck.

Bladder leakage affects 60 million women in the United States and bowel leakage affects an additional 16 million women. In 90% of cases, bladder leakage is a muscle issue and InControl has worked to solve the underlying issues that cause incontinence without using pads, medications, or surgery. To date, InControl products have helped over 170,000 customers gain control of their urinary and bowel function, with an over 90% effective cure rate.

## **Management’s Discussion on Results from Operations**

InControl Medical, LLC has overcome a number of challenges since it’s formation in 2010. The Company began as an FDA cleared medical device company with a national sales force selling directly to physicians offices and clinics. Sales were climbing and profitability was in sight. When the Affordable Care Act passed, two major factors took place over the next six months:

1. Insurance companies cut their medical device reimbursements for all medical device companies. The Company’s lead product had been reimbursed at \$750.00 per unit, but under the Affordable Care Act the reimbursement was reduced on average to \$200.00 per device.
2. Insurance companies dramatically increased patient deductibles making it difficult for patients to get any reimbursement for medical devices. In April of 2014, Medicare decided to stop buying certain medical devices and rent them instead. A number of the Company’s customers are over 65 and that change dramatically affected cash flow.

With these two major changes, InControl made the decision to change it’s business model. The Board of Directors elected to reinvent the Company as a consumer medical device company, which took about two years to fully implement. InControl had to redesign the products to make them consumer friendly and resubmit to the FDA for clearance directly to consumers.



---

As the Company was modifying to its business model, InControl's management team was also adapting to a world of digital marketing, for example: social media advertising, Google and Bing search, etc. After working with several digital media companies, InControl finally found a good fit with a marketing company that knew how to effectively market medical devices. After some trial and error, the Company discovered that its sales climb more rapidly when it utilizes television advertising and targeted ads on various social media platforms. January and February of 2020 were positive sales months where the Company was seeing a 3 to 1 return on ad spending.

When the Coronavirus hit the Company was disrupted, along with the entire country. However, over the years of being in business, InControl's management has learned that the patented products work, and they solve an issue that affects 76 million women in the US. Through various studies, the Company has learned that 70% of women with incontinence never mention it to their doctor due to embarrassment, and that many women will buy an at home product that they can use themselves without having to involve anyone else. With the funds raised through this offering, InControl intends to allocate capital and resources towards its marketing campaigns. Using a combination of social media platforms and influences, search engines, and television ads, the Company believes it has the potential to reach a large, untapped market.

The fastest growing segment of the urinary incontinence market is the medical device market for treatment, not surgery, and not medications. InControl Medical is the leader in at home devices for the treatment of urinary and fecal incontinence. In the opinion of management, the market is trending in InControl's direction.

Since its formation in 2010, InControl has developed several successful products and is the leading provider of FDA cleared, at home medical devices for the treatment of urinary and fecal incontinence. Currently, the Company's product offerings are as follows:

- 1. Attain®** is the only at-home FDA cleared device for the treatment of overactive bladder (OAB), stress, mixed, and bowel incontinence. In 2019, the Company introduced Attain®, which is the only FDA cleared, at-home medical device for the treatment of bladder and bowel leakage. Attain® solves incontinence at the source of the problem, the muscle level, without the use of pads or medications. In order to solve incontinence, it's necessary to calm certain muscles and strengthen others.

# OPERATIONS CONTINUED

---

- 2. Apex®** is an automatic pelvic exerciser (Kegel Exerciser). Apex® can recondition and tone the muscles in the user's pelvic floor automatically, and, more effectively than she is capable of on her own.
- 3. Intensity 2.0™** was born from a medical device, and is the only intimate health product available that combines pleasure with pelvic floor toning. The pelvic floor is a group of muscles that surround the vagina and support other structures in the pelvis. Strong pelvic floor muscles provide improved intimacy, sensation and stronger orgasm, along with better bladder control.

Attain and Apex are FDA cleared for over the counter sales in the US. They are sold through medical clinics and direct to consumer.

InControl has products that have a 93% success rate of curing bowel leakage. InControl completed its first clinical trial on its technology in 2012 at the Medical College of Wisconsin. The net results were a 90% reduction in bladder leakage over the entire consort of patients. Since that time the Company's Attain product was named one of the Top Ten Advances in Women's Healthcare by the Womens Specialty Health Clinic at Cleveland Clinic.

A study at the Medical College of Georgia in Augusta studied our products compared to in office treatment for fecal incontinence and the result was a 60% improvement in bowel leakage with the Company's in home product versus in office treatment. InControl guarantees success with its Attain product if used as directed for 90 days. If the woman uses it and she's not satisfied the Company returns her entire purchase price. With more than 170,000 total devices sold or return rate is less than 2%.

MedTech Outlook Magazine named InControl as one of its top 10 advances for gynecology (See "Exhibit B: Supporting Documentation"), and Cleveland Clinic named Attain® as one of the top 10 advances in women's health.

According to Transparency Market Research in 2019, Incontrol Medical, LLC is the market leader in electrical stimulation devices for treatment of all the types of urinary incontinence, both in males and females. The Company's products are FDA approved and are gaining popularity for home-based treatment of incontinence in North America.

---

## **Types of Incontinence**

Bladder leakage affects women from age 20 to age 90, and there are three primary types of bladder leakage:

- Stress Incontinence
- Urge Incontinence
- Mixed Incontinence

### *Stress Incontinence*

There are several types of urinary incontinence, but the most common is stress incontinence. Stress Incontinence is when you have bladder leakage that occurs with any increased abdominal pressure such as laughing, coughing, sneezing or exercising. Weak pelvic floor muscles or a weak or damaged sphincter causes stress urinary incontinence. According to EMedicineHealth.com, stress incontinence affects up to 60 percent of women.

Stress incontinence is caused by weak pelvic floor muscles. Pelvic floor muscles can be weakened due to many factors including:

- Pregnancy and childbirth
- Multiple pregnancies
- Higher than average BMI
- Aging and menopause
- Chronic cough

The pelvic floor muscles act as a hammock across the pelvis, holding the pelvic organs in place. When the pelvic floor muscles are strong, they prevent bladder leakage by applying pressure around the urethra. InControl products strengthen the muscles of the consumer's pelvic floor, quicker and more efficiently than a woman can do on her own. Strong pelvic floor muscles means no more leaks when laughing, coughing, or sneezing.

### *Urge Incontinence*

Urge Incontinence, also known as overactive bladder, or a little more technical, Detrusor instability. If a person experiences that



# OPERATIONS CONTINUED

---

sudden, irresistible urge to use the restroom or getting up frequently during the night to urinate, that's urge incontinence. One out of two women over the age of fifty suffer from this condition. Urgency symptoms are caused when the muscle surrounding the bladder, the Detrusor muscle, contracts when it is not supposed to, causing the urge to urinate.

Attain® uses mild muscle stimulation to send a calming signal to the Detrusor muscle surrounding the bladder which teaches the muscle to relax and not spasm on its own, eliminating urge incontinence. Attain® is the Company's only device that is FDA cleared to treat urgency/overactive bladder symptoms.

### *Mixed Incontinence*

Mixed Incontinence occurs when there is a combination of both stress urinary incontinence and urge urinary incontinence (overactive bladder). There are many possible causes of incontinence in men and women, sometimes with multiple causes occurring at the same time. When multiple causes occur, it can make diagnosis difficult.

Life events are often the cause of urinary incontinence, whether it's aging or bearing children. Urinary incontinence may also appear as a side effect of a medication prescribed for a non-urinary problem or caused by bladder or urinary tract infections.

### *Bowel Incontinence*

Fecal Incontinence, or Accidental Bowel Leakage, is also a problem involving muscles. If the pelvic floor muscles or sphincters become weakened or do not function properly, stool can slip through the musculature and out the anal canal.

Attain® resolves bowel leakage by strengthening the pelvic floor muscles particularly the puborectalis muscle that maintains the anorectal angle that slows down stool and gives you warning of an impending bowel movement. Finally, Attain® strengthens the anal sphincter allowing you time to find a restroom.

### **"Treatments" for Urinary and Bowel Incontinence**

Before InControl entered the market, women who suffered from urinary incontinence had three main options for treatment: urinary leakage pads, medications, and surgery. Aside from the three common treatments, neuromodulation therapy and Electrical Muscle Stimulation (EMS) have also been used to treat certain types of incontinence.

### *Urinary Leakage Pads*

Urinary leakage pads dominate the market primarily because women aren't aware that there are real solutions that don't involve surgery or medications. Pads smell, they chafe, uric acid irritates the skin and women who wear pads have a much higher incidence of urinary tract infections. Pads don't treat anything they just absorb urine (most of the time). Studies have shown that the average woman will spend nearly \$1,000.00 per year on pads and associated clothes cleaning.

### *Medications*

Medications only treat urge incontinence and not very well. Studies show that only 20% of women get any benefit from the common medications and 70% stop taking them in less than a year due to side effects such as dry mouth and constipation. A recent study of 35,000 women showed that these medications increase a woman's chance of developing dementia by 50%. Medications can cost as much as \$1,000.00 per month, which is not a good cost benefit ratio.

### *Surgery*

Surgery was very common in the early 2000's but after more than 100,000 lawsuits against the manufacturers of urinary slings and the FDA making the surgery a Class III procedure, demand for surgery declined dramatically. Surgery only effects stress incontinence.

### *Neuromodulation Therapy*

Another treatment option for urge incontinence, but one that has no effect on stress incontinence, is neuromodulation. There are two types of neuromodulation therapy:

- One requires having a device implanted into the buttocks and electrodes attached to the sacral nerve. An electronic signal is sent to the Detrusor muscle to attempt to calm the spasms of that muscle and re-establish the mind muscle coordination. One common device costs \$25,000 and has only modest success in treating urge incontinence.
- The other type of neuromodulation therapy is performed in a physician's office where a needle electrode is placed inside the tibial nerve in the ankle and an electronic signal is sent from the tibial nerve to the sacral nerve to the Detrusor muscle. This treatment costs \$1,200 per office visit and requires 12 visits. This treatment also has limited effectiveness and the problem resurfaces after treatments end. Tibial nerve stimulation only effects urge incontinence.

# OPERATIONS CONTINUED

---

## *Electrical Muscle Stimulation*

Electrical Muscle Stimulation (EMS) is used by physical therapists and sports medicine practitioners to strengthen muscles. Used inside the vagina, utilizing active resistance, EMS can strengthen pelvic floor muscles and cure stress urinary incontinence. In the past EMS has been used to only treat stress incontinence, however, InControl has focused on developing and manufacturing products to cure both stress and urge incontinence.

## **Current Products and Product History**

InControl has developed several successful products throughout its history. InTone®, the Company's first product, was very successful in treating incontinence but had to be issued from a physician's office. ApexM® was the Company's first over the counter direct to consumer product.

The Company's current product, Attain®, is the culmination of InControl's learning and experience. It is the only product that cures both urinary and fecal incontinence in women in one device.

## *Attain®*

Attain® uses mild muscle stimulation, delivered via a small, soft silicone probe that contours to your body, automatically strengthening the muscles of the pelvic floor better and more efficiently than the consumer can do on her own. Strong pelvic floor muscles provide better overall bladder control and eliminates stress incontinence.

Attain® uses a soft and flexible tampon sized probe, unique to InControl products. Inflation customizes the fit to your body, ensuring comfortable and effective delivery of muscle stimulation. The inflatable probe design not only maximizes consumer comfort, it allows active resistance to squeeze against during your post stimulation toning workout.

Attain® provides visual cues to guide you through the same exercise program used by pelvic floor therapists, prompting you when to squeeze and when to relax, while providing visual biofeedback. Biofeedback demonstrates immediate response of your muscle activity as you are guided through your muscle toning session. When prompted to squeeze your pelvic floor muscles Attain® displays a lighted biofeedback bar, which encourages proper pelvic floor activation and is an indicator of increased strength as you use the device. Research has shown that biofeedback improves the effectiveness of pelvic floor muscle exercises.

### *Apex®*

InControl specifically designed Apex® for one thing, and one thing only, to stimulate and strengthen each consumer's pelvic floor muscles to treat stress incontinence.

The Apex® muscle stimulation feature automatically strengthens the muscles of the pelvic floor more efficiently than the user can do on her own. Strong pelvic floor muscles provide better overall bladder control and eliminates stress incontinence.

Unlike many of the cheap copycat devices available on the market, Apex® is designed with a woman's body in mind. Inflating Apex® allows the user to get full contact with the muscle walls she want to stimulate and provides active resistance for pelvic floor muscles to contract against, resulting in a full muscle contraction. This inflation allows a perfect fit for every Apex® user, with no technical expertise: Apex® is designed to work for every woman, because every woman can benefit from a strong, healthy pelvic floor.

### *Intensity 2.0™*

Intensity was born from a medical device, and is the only intimate health product available that combines pleasure with pelvic floor toning, giving each user a workout she'll look forward to.

Intensity's muscle stimulation provides the "mind muscle connection," as Intensity automatically strengthens your pelvic floor muscles, it teaches each user how an effective, properly performed Kegel exercise should feel—allowing each user to learn proper technique. With added inflation, Intensity's vibration activates more nerves, meaning each users body is learning to experience more sensation with every session.

InControl manufactures all of its products in our FDA GMP facility and meets the highest quality standards, ISO 13485 and MDSap. InControl holds dozens of patents on its technology in 7 different countries including the countries of the European Union. InControl has sold more than 170,000 devices through its history. InControl also qualifies to bill Medicare directly for its Attain® device. See "Exhibit A: Patent Portfolio" for a comprehensive list of InControl Medical's current Patent Portfolio Report.

# OPERATIONS CONTINUED

---

All InControl devices are made at the Company's Brookfield, Wisconsin facility. The devices are comprised of medical-grade silicone – a material that can be safely used in contact with living tissue. It is also easily cleaned with soap and water. All materials and components used in the devices are sourced in the US, with many of InControl's suppliers located within an hour's driving distance from the factory.

The Company's technicians assemble each device by hand; as part of the rigorous quality control process, each device is inspected and/or tested at each stage of the manufacturing process.

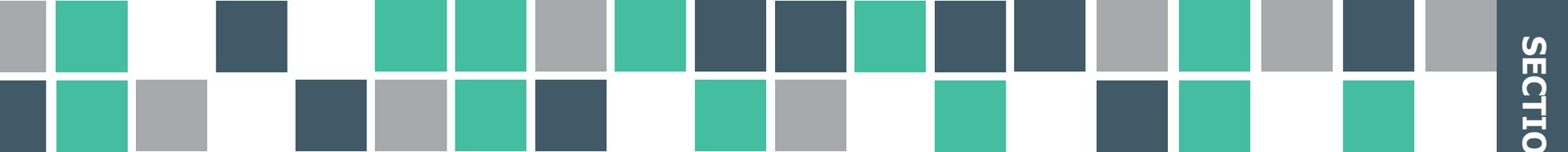
Each Attain®, Apex®, and Intensity® device is leak-tested – with current testing showing a less than 1% failure rate. All failed mechanisms are scrapped, rather than re-worked. In conformance with FDA regulations, each device has a unique Device ID. Using this ID, the Company can track each and every component that makes up the device – for 100% traceability and ultimate peace of mind and safety.

## **Corporate Infrastructure**

InControl occupies 30,000 square feet of office and manufacturing space at 3225 Gateway Road, Brookfield, Wisconsin. The Company leases this space and has been in this facility since the Company's inception in 2010.

Of the space, 20,000 square feet is dedicated to manufacturing and warehouse, and 10,000 square feet houses regulatory, quality, accounting and marketing. InControl maintains the highest levels of quality certifications available. The Company is an FDA "Good Manufacturing Facility", is ISO 13485 Certified, and is MDSAP certified for quality. The Company's out of box failure rate is less than 1%. The Company's current facility has the capacity to build 25,000 units per month with two shifts.

The Company currently employs 38 people with the majority in manufacturing. In addition, the Company has fulltime regulatory and quality staff, as well as accounting and marketing.



---

### **Product Logistics and Delivery Infrastructure**

All of the Company's products are manufactured in Brookfield, Wisconsin. All but two of the parts are supplied by American suppliers with most being within 100 miles of Brookfield. Two insignificant parts are sourced from China because no American manufacturer exists due to their low cost. These two parts are available from European suppliers but so far the Chinese suppliers have been reliable.

The Company sells direct to the consumer, as well as through distributors and through catalogs, such as Hammacher Schlemmer. The Company also sells on Amazon.com and Walmart.com. InControl has a few independent, commission only, reps that call on medical clinics.

### **Marketing Plan**

Marketing today is completely different than it was 10 years ago, being much more complex and diverse. The Company learned that effective marketing from ten years ago (newspaper and magazine advertising) is no longer relevant in reaching its target audience. Instead Facebook, Instagram, Twitter, "influencers", podcasters, and bloggers represent huge new opportunities to get the word out about our products. In addition, search engines such as Google and Bing continue to be valuable resources for reaching customers who are searching for solutions to medical issues.

In order to be truly effective, all of these components have been adopted by the Company as part of its marketing campaign. InControl has a small marketing group in-house that primarily implements changes to our website as recommended by our digital ad group. The Company uses a digital marketing agency out of Los Angeles, Animal Farm Creative, that truly understands the market and all of the approaches necessary to maximize each dollar spent. Thus far, Animal Farm Creative is achieving an average of 3 times ad spend return.

InControl plans to spend 80% of this capital raise on marketing to dramatically boost sales. A significant portion of the ad budget is dedicated to social media platforms such as Facebook, Instagram, Pinterest, and Twitter. The Company plans to support bloggers and podcasters that specialize in reaching women with urinary issues (and some of these people have the potential to reach as many as 100,000 women). The Company's marketing plan also includes television advertising.



# **OPERATIONS CONTINUED**

---

In addition, the Company has identified several “celebrities” that have urinary incontinence that are willing to promote InControl’s products on television, social media and in print ads for a fee. It’s management’s opinion that a complete and thorough ad plan will help establish brand recognition and establish InControl as the standard of care for incontinence.

See “Exhibit D: Financials” to see the Company’s 36-month projections.

## **Previous Rounds of Funding**

Since its formation in 2010, InControl has raised a total of \$30 million in equity capital and \$15.4 in debt capital for a total of \$45.4 million. Of such amount, over \$30 million has been raised from members of InControl’s Board of Managers or advisors thereto.

See the Company’s Capitalization and Debt Summary included below and in “Exhibit D: Financials.”

(the remainder of this page intentionally left blank)



# CAPITALIZATION & DEBT SUMMARY

	Face Amount	Pay-Off Amount @ 3/31/21	Common Units	Pro Forma Round T Preferred Units	
	(\$Rounded)	(\$Rounded)	(Rounded)	(\$Rounded)	(Units)
<b>Debt</b>					
Secured Credit Card Line	\$200,000	\$200,000	N/A	\$200,000	N/A
12% Round L Senior Notes	\$955,000	\$1,075,000	795,000	\$1,075,000	N/A *
4% IP Notes	\$3,000,000	\$3,760,000	N/A	\$3,760,000	N/A *
Round R 10% Convertible Bridge Notes	\$1,135,000	\$1,275,000	N/A	\$1,275,000	N/A *
Round S 10% Convertible Bridge Notes	\$180,000	\$187,000	N/A	\$0	N/A *
Round H Convertible Notes	\$6,740,000	\$8,120,000	N/A	\$8,120,000	N/A *
Deferred Professional Fees Note (estimated)	\$2,250,000	\$2,350,000	N/A	\$2,000,000	N/A
Subtotal	\$14,460,000	\$16,997,000	795,000	\$16,430,000	N/A
<b>Preferred Equity</b>					
Round T (New Money)	N/A	N/A	N/A	\$5,000,000	25,000,000
Converted Round Q Notes	N/A	N/A	N/A	\$9,830,000	49,150,000
Subtotal	N/A	N/A	N/A	\$14,830,000	74,150,000
<b>Common Equity – Actual Units Outstanding</b>					
Herschel “Buzz” Peddicord	\$1,000,000 (IP)	N/A	2,200,000	\$1,000,000	N/A
Board Members/Advisors	\$22,000,000	N/A	99,500,000	\$22,000,000	N/A
Other Investors	\$8,000,000	N/A	34,700,000	\$8,000,000	N/A
Subtotal	\$31,000,000	N/A	136,400,000	\$31,000,000	N/A
<b>Totals</b>	<b>\$45,460,000</b>	<b>\$16,997,000</b>	<b>137,195,000</b>	<b>\$62,260,000</b>	<b>74,150,000</b>

\*Interest paid in common shares

# DESCRIPTION OF UNITS

---

The Company is offering a minimum of 1,000,000 and a maximum of 40,000,000 preferred Membership Units at a price of \$0.20 per Unit. Upon completion of the Offering between 138,180,000 and 177,180,000 Membership Units will be issued.

Purchasers of Membership Units through this Offering shall be admitted as Members within the Company. Net cash flow available for distribution to the Members will be allocated in accordance with the Operating Agreement on a pro-rata basis calculated based on the aggregate number of Membership Units held by such Members.

## **Cash Flow Distributions**

From time to time the Board of Managers may determine the amount of cash or other property of the Company that is not needed for: (i) the operation of the Company; (ii) Reserves; or (iii) the future expansion or growth of the business of the Company. To the extent permitted by law, such amount shall be distributed to the Members (a "Cash Flow Distribution") annually or more frequently, as determined by the Board of Managers. Each Cash Flow Distribution shall be paid to the Members in proportion to the number of Units owned by each Member on the date of the declaration of the Cash Flow Distribution. Amounts to be distributed to a Member pursuant to Section 7.2 of the Company's Operating Agreement shall be reduced by the amount of any amounts previously advanced to such Member pursuant to Section 2.10 or 7.1 of the Company's Operating Agreement that have not been previously offset.

Each Member is entitled to one vote for each unit held on each matter submitted to a vote of the members. In the event of the dissolution, liquidation or winding up of the Company, the assets then legally available for distribution to the Members will be distributed ratably to all Members of the Company in proportion to their units. Members are only entitled to profit distributions when and if declared by the Company out of funds legally available therefore.

See "Exhibit C: Operating Agreement" for specific rights and terms related to these Membership Units.

# LITIGATION

---

InControl Medical, LLC is presently engaged in a small claims case against a former marketing agency, Marketsmith, for commissions they claim are due. A total value of \$165,000 in commissions is claimed due by the plaintiff.

InControl Medical, LLC engaged in a contract with Marketsmith, that in Management's opinion was not performing according to the contracted terms. Therefore, InControl elected to bring social media marketing in-house, and notified Marketsmith which was confirmed via email from the Marketsmith's president on May 8th, 2019. However, InControl received a bill for social media commissions for May 2019, and another one in June 2019 and yet another for July 2019. InControl has refused to pay those commissions since Marketsmith did not complete any work and InControl had terminated the contract.

Marketsmith's contention is that InControl was still under contract so the Company owed commissions whether the agency performed the work or not. The Company believes it has substantial defenses to such allegations and also has counterclaimed for alleged damages caused by such agency.

(the remainder of this page intentionally left blank)

# MANAGEMENT COMPENSATION

There is no accrued compensation that is due any member of Management. Each Manager will be entitled to reimbursement of expenses incurred while conducting Company business. Each Manager may also be a member in the Company and as such will share in the profits of the Company when and if revenues are disbursed.

## Management Executives - Compensation and Salaries

**Herschel "Buzz" Peddicord**, Manager, Founder & CEO:

Current: \$120,000 annualized salary payable monthly

Projected 12 months: \$120,000 annualized salary payable monthly

**Barbara Long**, CFO:

Current: \$150,000 annualized salary payable monthly

Projected 12 months: \$150,000 annualized salary payable monthly

**Mitch Maritato**, COO:

Current: \$150,000 annualized salary payable monthly

Projected 12 months: \$150,000 annualized salary payable monthly

**Ann Koveck**, CCO:

Current: \$150,000 annualized salary payable monthly

Projected 12 months: \$150,000 annualized salary payable monthly

# BOARD OF MANAGERS

---

The Company has established a Board of Managers, which includes highly qualified business and industry professionals. The Board of Managers assist the Management team in making appropriate decisions and taking effective action. Currently there are six active members of the Board of Managers:

1. Herschel "Buzz" Peddicord
2. Eckhart Grohmann
3. Paul Sweeney
4. Maureen Oster
5. John Thomas
6. Tom Quadracci



# DILUTION

---

The purchasers of the Membership Units offered by this Memorandum will experience an immediate and substantial dilution of their investments. There are 137,180,000 units are currently issued and outstanding. The net tangible book value per unit of the Company's ownership was approximately \$0.0572 at October 23, 2020.

Net tangible book value per unit of ownership is equal to the Company's total tangible assets less its total liabilities, divided by the total number of outstanding units of ownership. Upon completion of this Offering, the net tangible book value for the Units, which are now outstanding, will be increased with corresponding dilution for the Units sold to investors.

The following reflects the dilution to be incurred by the investors. "Dilution" is determined by subtracting the net tangible book value per Membership Unit after the Offering from the Offering price. If the expected maximum number of Units offered hereby is sold, of which there can be no assurance, there will be 177,180,000 Units of ownership outstanding with net tangible book value of approximately \$0.0572 per Unit. This represents an immediate increase in net tangible book value from \$0.0572 per Unit to \$0.0572 per Unit to existing Members and an immediate dilution of from \$0.20 to \$0.0572 per Unit to purchasers of Units in this offering.

# **INVESTOR SUITABILITY STANDARDS**

Prospective purchasers of the Units offered by this Memorandum should give careful consideration to certain risk factors described under “RISK FACTORS” section and especially to the speculative nature of this investment and the limitations described under that caption with respect to the lack of a readily available market for the Units and the resulting long term nature of any investment in the Company. This Offering is available only to suitable Accredited Investors having adequate means to assume such risks and of otherwise providing for their current needs and contingencies.

## **GENERAL**

The Units will not be sold to any person unless such prospective purchaser or his or her duly authorized representative shall have represented in writing to the Company in a Subscription Agreement that:

- The prospective purchaser has adequate means of providing for his or her current needs and personal contingencies and has no need for liquidity in the investment of the Units;
- The prospective purchaser’s overall commitment to investments which are not readily marketable is not disproportionate to his, her, or its net worth and the investment in the Units will not cause such overall commitment to become excessive; and
- The prospective purchaser is an “Accredited Investor” (as defined on the next page) suitable for purchase in the Units.

Each person acquiring Units will be required to represent that he, she, or it is purchasing the Units for his, her, or its own account for investment purposes and not with a view to resale or distribution.

---

## ACCREDITED INVESTORS

*The Company will conduct the Offering in such a manner that Units may be sold only to "Accredited Investors" as that term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933 (the "Securities Act"). In summary, a prospective investor will qualify as an "Accredited Investor" if he, she, or it meets any one of the following criteria:*

Any natural person whose individual net worth, or joint net worth with that person's spouse or spousal equivalent, at the time of his purchase, exceeds \$1,000,000. Except as provided in paragraph (2) of this section, for purposes of calculating net worth under this paragraph:

(i) The person's primary residence shall not be included as an asset;

(ii) Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and (iii) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability.

Any 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 or spousal equivalent in excess of \$300,000 in each of those years and who has a reasonable expectation of reaching the same income level in the current year.

---

Any bank as defined in Section 3(a)(2) of the Act, or any 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; any broker or dealer registered pursuant to Section 15 of the Securities and Exchange Act of 1934 (the "Exchange Act"); any insurance company as defined in Section 2(13) of the Exchange Act; any 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; any Small Business Investment Company (SBIC) licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any Rural Business Investment Company as defined in section 384A of the Consolidated Farm and Rural Development Act; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons who are Accredited Investors.

Any private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940;

Any organization described in Section 501(c)(3)(d) of the Internal Revenue Code, corporation, business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000.

Any director or executive officer, or general partner of the issuer of the securities being sold, or any director, executive officer, or general partner of a general partner of that issuer.

Any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Section 501(b)(2)(ii) of Regulation D adopted under the Act.

Any entity in which all the equity owners are Accredited Investors.

---

Any natural person who is a “knowledgeable employee,” as defined in rule 3c-5(a)(4) under the Investment Company Act of 1940 (17 CFR 270.3c-5(a)(4)), of the issuer of the securities being offered or sold where the issuer would be an investment company, as defined in section 3 of such act, but for the exclusion provided by either section 3(c)(1) or section 3(c)(7) of such act.

Any “family office,” as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940 (17 CFR 275.202(a)(11)(G)-1): (i) With assets under management in excess of \$5,000,000, (ii) That is not formed for the specific purpose of acquiring the securities offered, and (iii) Whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment.

Any “family client,” as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940 (17 CFR 275.202(a)(11)(G)-1)), of a family office meeting the requirements in paragraph (a)(12) of this section and whose prospective investment in the issuer is directed by such family office pursuant to paragraph (a)(12)(iii).

Any natural person holding in good standing one or more professional certifications or designations or credentials from an accredited educational institution that the Commission has designated as qualifying an individual for accredited investor status. (Please look at SEC Website for qualifying institutions)

## **OTHER REQUIREMENTS**

No subscription for the Units will be accepted from any investor unless he is acquiring the Units for his own account (or accounts as to which he has sole investment discretion), for investment and without any view to sale, distribution or disposition thereof.

Each prospective purchaser of Units may be required to furnish such information as the Company may require to determine whether any person or entity purchasing Units is an Accredited Investor.

# **FORWARD LOOKING INFORMATION**

Some of the statements contained in this Memorandum, including information incorporated by reference, discuss future expectations, or state other forward looking information. Those statements are subject to known and unknown risks, uncertainties and other factors, several of which are beyond the Company's control, which could cause the actual results to differ materially from those contemplated by the statements.

The forward looking information is based on various factors and was derived using numerous assumptions. In light of the risks, assumptions, and uncertainties involved, there can be no assurance that the forward looking information contained in this Memorandum will in fact transpire or prove to be accurate.

Important factors that may cause the actual results to differ from those expressed within may include, but are not limited to:

- The success or failure of the Company's efforts to successfully execute its business plan as scheduled;
- The Company's ability to attract a customer base;
- The Company's ability to attract and retain quality employees;
- The effect of changing economic conditions;
- The reliance of the Company on certain key members of management

These along with other risks, which are described under "RISK FACTORS" may be described in future communications to Members. The Company makes no representation and undertakes no obligation to update the forward looking information to reflect actual results or changes in assumptions or other factors that could affect those statements.



# CERTAIN RISK FACTORS

---

InControl Medical, LLC (“InControl”, or the “Company”) commenced preliminary business development operations on January 2011 and is organized as a Limited Liability Company under the laws of the State of Wisconsin. Accordingly, the Company has only a limited history upon which an evaluation of its prospects and future performance can be made. The Company’s proposed operations are subject to all business risks associated with new enterprises. The likelihood of the Company’s success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the development of real estate, operation in a competitive industry, and the continued development of advertising, promotions and a corresponding customer base. There is a possibility that the Company could sustain losses in the future.

There can be no assurances that InControl Medical, LLC will operate profitably. An investment in our Units involves a number of risks. You should carefully consider the following risks and other information in this Memorandum before purchasing our Units. Without limiting the generality of the foregoing, Investors should consider, among other things, the following risk factors:

**Inadequacy Of Funds:**

Gross offering proceeds of a minimum of \$250,000 and a maximum of \$10,000,000 may be realized. Management believes that such proceeds will capitalize and sustain InControl sufficiently to allow for the implementation of the Company’s Business Plans. If only a fraction of this Offering is sold, or if certain assumptions contained in Management’s business plans prove to be incorrect, the Company may have inadequate funds to fully develop its business and may need debt financing or other capital investment to fully implement the Company’s business plans.

**Dependence On Management:**

In the early stages of development the Company’s business will be significantly dependent on the Company’s management team. The Company’s success will be particularly dependent upon Herschel “Buzz” Peddicord and Barbara Long. The loss of either of these individuals could have a material adverse effect on the Company. See “MANAGEMENT” section.

**Risks Associated With Expansion:**

The Company plans on expanding its business. Any expansion of operations the Company may undertake will entail risks, such actions may involve specific operational activities which may

negatively impact the profitability of the Company. Consequently, the Members must assume the risk that (i) such expansion may ultimately involve expenditures of funds beyond the resources available to the Company at that time, and (ii) management of such expanded operations may divert Management's attention and resources away from its existing operations, all of which factors may have a material adverse effect on the Company's present and prospective business activities.

**General Economic Conditions:**

The financial success of the Company may be sensitive to adverse changes in general economic conditions in the United States, such as recession, inflation, unemployment, and interest rates. Such changing conditions could reduce demand in the marketplace for the Company's products and services. InControl Medical, LLC has no control over these changes.

**Possible Fluctuations In Operating Results:**

The Company's operating results may fluctuate significantly from period to period as a result of a variety of factors, including purchasing patterns of customers, competitive pricing, debt service and principal reduction payments, and general economic conditions. Consequently, the Company's revenues may vary by quarter, and the Company's operating results may experience fluctuations.

**Risks Of Borrowing:**

To date, the Company has accrued substantial indebtedness to fund its operations. A portion of its cash flow will have to be dedicated to the payment of principal and interest on such indebtedness. The Company's loan agreements contain restrictive covenants which may impair the Company's operating

flexibility. Such loan agreements would also provide for default under certain circumstances, such as failure to meet certain financial covenants. A default under a loan agreement could result in the loan becoming immediately due and payable and, if unpaid, a judgment in favor of such lender which would be senior to the rights of owners of Membership Units of the Company. A judgment creditor would have the right to foreclose on any of the Company's assets resulting in a material adverse effect on the Company's business, operating results or financial condition.

**Unanticipated Obstacles To Execution Of The Business Plan:**

The Company's business plans may change. Some of the Company's potential business endeavors are capital intensive and may be subject to statutory or regulatory requirements. Management believes that the Company's chosen activities and strategies are achievable in light of current economic and legal conditions with the skills, background, and knowledge of the Company's principals and advisors. Management reserves the right to make significant modifications to the Company's stated strategies depending on future events.

**Management Discretion As To Use Of Proceeds:**

The net proceeds from this Offering is expected to be used for the purposes described under "Use of Proceeds." The Company reserves the right to use the funds obtained from this Offering for other similar purposes not presently contemplated which it deems to be in the best interests of the Company and its Members in order to address changed circumstances or opportunities. As a result of the foregoing, the success of the Company will be substantially dependent upon the discretion and judgment of Management with respect to application and allocation of the net

proceeds of this Offering. Investors for the Membership Units offered hereby will be entrusting their funds to the Company's Management, upon whose judgment and discretion the investors must depend.

**Limited Transferability & Liquidity:**

To satisfy the requirements of certain exemptions from registration under the Securities Act, and to conform with applicable state securities laws, each investor must acquire his Units for investment purposes only and not with a view towards distribution. Consequently, certain conditions of the Securities Act may need to be satisfied prior to any sale, transfer, or other disposition of the Units. Some of these conditions may include a minimum holding period, availability of certain reports, including financial statements from InControl Medical, LLC, limitations on the percentage of Units sold and the manner in which they are sold. InControl Medical, LLC can prohibit any sale, transfer or disposition unless it receives an opinion of counsel provided at the holder's expense, in a form satisfactory to InControl Medical, LLC, stating that the proposed sale, transfer or other disposition will not result in a violation of applicable federal or state securities laws and regulations. No public market exists for the Units and no market is expected to develop. Consequently, owners of the Units may have to hold their investment indefinitely and may not be able to liquidate their investments in InControl Medical, LLC or pledge them as collateral for a loan in the event of an emergency.

**Broker - Dealer Sales Of Units:**

The Company's Membership Units are not presently included for trading on any exchange, and there can be no assurances that the Company will ultimately be registered on any exchange.

No assurance can be given that the Membership Units of the Company will ever qualify for inclusion on the NASDAQ System or any other trading market. As a result, the Company's Membership Units are covered by a Securities and Exchange Commission rule that opposes additional sales practice requirements on broker-dealers who sell such securities to persons other than established customers and accredited investors. For transactions covered by the rule, the broker-dealer must make a special suitability determination for the purchaser and receive the purchaser's written agreement to the transaction prior to the sale. Consequently, the rule may affect the ability of broker-dealers to sell the Company's securities and may also affect the ability of shareholders to sell their Units in the secondary market.

**Long Term Nature Of Investment:**

An investment in the Units may be long term and illiquid. As discussed above, the offer and sale of the Units will not be registered under the Securities Act or any foreign or state securities laws by reason of exemptions from such registration which depends in part on the investment intent of the investors. Prospective investors will be required to represent in writing that they are purchasing the Units for their own account for long-term investment and not with a view towards resale or distribution. Accordingly, purchasers of Units must be willing and able to bear the economic risk of their investment for an indefinite period of time. It is likely that investors will not be able to liquidate their investment in the event of an emergency.

**No Current Market For Units:**

There is no current market for the Units offered in this private Offering and no market is expected to develop in the near future.

**Offering Price:**

The price of the Units offered has been arbitrarily established by InControl Medical, LLC, considering such matters as the state of the Company's business development and the general condition of the industry in which it operates. The Offering price bears little relationship to the assets, net worth, or any other objective criteria of value applicable to InControl Medical, LLC.

**Compliance With Securities Laws:**

The Units are being offered for sale in reliance upon certain exemptions from the registration requirements of the Securities Act, applicable Wisconsin Securities Laws, and other applicable state securities laws. If the sale of Units were to fail to qualify for these exemptions, purchasers may seek rescission of their purchases of Units. If a number of purchasers were to obtain rescission, InControl Medical, LLC would face significant financial demands which could adversely affect InControl Medical, LLC as a whole, as well as any non-rescinding purchasers.

**Lack Of Firm Underwriter:**

The Units are offered on a "best efforts" basis by the officers and directors of InControl Medical, LLC without compensation and on a "best efforts" basis through certain FINRA registered broker-dealers which enter into Participating Broker-Dealer Agreements with the Company. Accordingly, there is no assurance that the Company, or any FINRA broker-dealer, will sell the maximum Units offered or any lesser amount.

**Projections: Forward Looking Information:**

Management has prepared projections regarding InControl Medical, LLC's anticipated financial performance. The Company's projections are hypothetical and based upon factors influencing

the business of InControl Medical, LLC. The projections are based on Management's best estimate of the probable results of operations of the Company, based on present circumstances, and have not been reviewed by InControl's independent accountants. These projections are based on several assumptions, set forth therein, which Management believes are reasonable. Some assumptions upon which the projections are based, however, invariably will not materialize due the inevitable occurrence of unanticipated events and circumstances beyond Management's control. Therefore, actual results of operations will vary from the projections, and such variances may be material. Assumptions regarding future changes in sales and revenues are necessarily speculative in nature.

In addition, projections do not and cannot take into account such factors as general economic conditions, unforeseen regulatory changes, the entry into the Company's market of additional competitors, the terms and conditions of future capitalization, and other risks inherent to the Company's business. While Management believes that the projections accurately reflect possible future results of InControl Medical, LLC's operations, those results cannot be guaranteed.

**Covid-19 Risks:**

In December 2019, the 2019 novel coronavirus ("Covid-19") surfaced in Wuhan, China. The World Health Organization declared a global emergency on January 30, 2020, with respect to the outbreak and several countries, including the United States, Japan and Australia have initiated travel restrictions to and from China. The final impacts of the outbreak, and economic consequences, are unknown and rapidly evolving.

---

The Covid19 health crisis has adversely affected the U.S. and global economy, resulting in an economic downturn that could impact demand for our products and services. Further, mitigation efforts by State and local governments have resulted in certain business operating restrictions that have negatively impacted the economy and could impact the Company's financial results.

The future impact of the outbreak is highly uncertain and cannot be predicted and there is no assurance that the outbreak will not have a material adverse impact on the future results of the Company. The extent of the impact, if any, will depend on future developments, including actions taken to contain the Coronavirus.

**We may be subject to extensive government regulation that increases our costs and could limit our ability to market or sell our products:**

The devices we manufacture and market are subject to regulation by the FDA and numerous other federal, state, and foreign governmental authorities. These authorities regulate the development, approval, classification, testing, manufacturing, labeling, marketing, and sale of certain devices. Likewise, our use and disclosure of certain categories of health information may be subject to federal and state laws, implemented and enforced by governmental authorities that protect health information privacy and security.

The approval or clearance by governmental authorities, including the FDA in the U.S., is generally required before any medical or similar device may be marketed in the U.S. or other countries. We cannot predict whether, in the future, the U.S. or foreign governments may impose regulations that have a material

adverse effect on our business, financial condition, results of operations, or cash flows. The process of obtaining FDA clearance and approvals to develop and market a medical device can be costly, time-consuming, and subject to the risk that such clearances or approvals will not be granted on a timely basis, if at all. The regulatory process may delay or prohibit the marketing of new products and impose substantial additional costs if the FDA lengthens review times for new devices. The FDA has the ability to change the regulatory classification of a cleared or approved device from a higher to a lower regulatory classification which could materially adversely impact our ability to market or sell our devices. In addition, we may be subject to compliance actions, penalties, or injunctions if we are determined to be promoting the use of our products for unapproved or off-label uses, or if the FDA challenges one or more of our determinations that a product modification did not require new approval or clearance by the FDA. Device manufacturers are permitted to promote products solely for the uses and indications set forth in the approved product labeling. A number of enforcement actions have been taken against manufacturers that promote products for "off-label" uses, including actions alleging that federal health care program reimbursement of products promoted for "off-label" uses are false and fraudulent claims to the government. The failure to comply with "off-label" promotion restrictions can result in significant administrative obligations and costs, and potential penalties from, and/or agreements with, the federal government.

We may be subject to announced and unannounced inspections by the FDA to determine our compliance with regulations. The FDA also has the authority to request repair, replacement, or refund of the cost of any medical device manufactured or

---

distributed by us. Any of the foregoing actions could have a material adverse effect on our development of new laboratory tests, business strategy, financial condition, results of operations, or cash flows.

**The industry in which we operate is highly competitive. New developments by others could make our products or technologies non-competitive or obsolete:**

Our industry is highly competitive. We compete with a large number of companies, many of which have significantly greater financial, manufacturing, marketing, distribution, and technical resources than we do. Many of our competitors may be able to develop products and processes competitive with, or superior to, our own.

Furthermore, we may not be able to successfully develop or introduce new products that are less costly or offer better performance than those of our competitors, or offer purchasers of our products payment and other commercial terms as favorable as those offered by our competitors.

**Our ability to market products successfully depends, in part, upon the acceptance of the products not only by consumers, but also by independent third parties:**

Our ability to market our products successfully depends, in part, on the acceptance of the products by consumers. Unanticipated side effects or unfavorable publicity concerning any of our products could have an adverse effect on our ability to maintain adequate sales for profitable operations.

**We may not be able to successfully introduce new products to the market, and market opportunities that we expect to develop for our products may not be as large as we expect:**

We may plan to make improvements in our products, to develop new products, and to introduce our products into new markets. Despite our planning, the process of developing and introducing new products (including product enhancements) is inherently complex and uncertain, and involves risks, including the ability of such new products to satisfy customer needs, gain broad market acceptance, and obtain regulatory approvals. These events can depend on the product achieving broad clinical acceptance, the level of third-party reimbursement, and the introduction of competing technologies, among other things. In addition, these risks make it inherently difficult to forecast and predict the future net sales of our products. If the market opportunities that we expect to develop for our products, including new products, are not as large as we expect, it could adversely affect our ability to grow our business.

**Growing our business requires that we properly educate consumers regarding the distinctive characteristics, benefits, safety, clinical efficacy, and cost-effectiveness of our products:**

Acceptance of our products depends in part on our ability to educate consumers as to the distinctive characteristics, benefits, safety, clinical efficacy, and cost-effectiveness of our products compared to alternative products, procedures, and therapies. This is particularly true in instances of newly launched products or in the introduction of a product into a new market.

---

**We may be adversely affected by any disruption in our information technology systems, which could adversely affect our cash flows, operating results, and financial condition:**

Our operations are, in part, dependent upon our information technology and sales systems, which encompass all of our major business functions. We rely upon such information technology systems to manage and replenish inventory, to fill and ship customer orders on a timely basis, to coordinate our sales activities across all of our products and services, and to coordinate our administrative activities. A substantial disruption in our information technology systems for any prolonged time period (arising from, for example, system capacity limits from unexpected increases in our volume of business, outages, or delays in our service) could result in delays in receiving inventory and supplies or filling customer orders and adversely affect our customer service and relationships. Our systems might be damaged or interrupted by natural or man-made events, or by computer viruses, physical or electronic break-ins, and similar disruptions affecting the global Internet. There can be no assurance that such delays, problems, or costs will not have a material adverse effect on our cash flows, operating results, and financial condition.

As our operations grow in both size and scope, we will continuously need to improve and upgrade our systems and infrastructure while maintaining the reliability and integrity of our systems and infrastructure. An expansion of our systems and infrastructure may require us to commit substantial financial, operational, and technical resources before the volume of our business increases, with no assurance that the volume of business will increase. Any such upgrades to our systems and information technology,

or new technology, now and in the future, require that our management and resources be diverted from our core business to assist in compliance with those requirements. There can be no assurance that the time and resources our management will need to devote to these upgrades, service outages, or delays due to the installation of any new or upgraded technology (and customer issues therewith), or the impact on the reliability of our data from any new or upgraded technology will not have a material adverse effect on our cash flows, operating results and financial condition.

**We may be adversely affected by a failure or compromise from a cyberattack or data breach, which could have an adverse effect on our business:**

We rely on information technology systems to perform our business operations, including processing, transmitting and storing electronic information, and interacting with customers, suppliers, healthcare payors, and other third parties. Like other medical device companies, the size and complexity of our information technology systems makes them vulnerable to a cyber-attack, malicious intrusion, breakdown, destruction, loss of data privacy, or other significant disruption. Our information systems require an ongoing commitment of significant resources to maintain, protect, and enhance existing systems and develop new systems to keep pace with continuing changes in information processing technology, evolving systems and regulatory standards, the increasing need to protect financial or personal information related to customers and changing customer patterns.

---

**In order to compete, we must attract, retain and motivate key employees, and our failure to do so could have an adverse effect on our results of operations:**

In order to compete, we must attract, retain and motivate executives and other key employees, including those in managerial, technical, sales, marketing, research, development, finance, information and technology, and other support positions. Hiring and retaining qualified executives, technical staff and sales representatives are critical to our business, and competition for experienced employees in the medical device industry can be intense. To attract, retain, and motivate qualified executives and key employees, we utilize stock-based incentive awards, such as employee stock options, restricted stock, and restricted stock units. Certain awards vest based upon the passage of time while others vest upon the achievement of certain performance-based or market-based conditions. If the value of such stock awards does not appreciate as measured by the performance of the price of our common stock and ceases to be viewed as a valuable benefit, our ability to attract, retain, and motivate our employees could be adversely impacted, which could negatively affect our results of operations and/or require us to increase the amount we expend on cash and other forms of compensation.

**RISKS RELATED TO OUR INTELLECTUAL PROPERTY**

**We depend on our ability to protect our intellectual property and proprietary rights, but we may not be able to maintain the confidentiality, or assure the protection, of these assets:**

Our success depends, in large part, on our ability to protect our current and future technologies and products and to defend our intellectual property rights. If we fail to protect our intellectual

property adequately, competitors may manufacture and market products similar to, or that compete directly with, ours. Numerous patents covering our technologies have been issued to us, and we have filed, and expect to continue to file, patent applications seeking to protect newly developed technologies and products in various countries, including the U.S. Some patent applications in the U.S. are maintained in secrecy until the patent is issued. Because the publication of discoveries tends to follow their actual discovery by several months, we may not be the first to invent, or file patent applications on any of our discoveries. Patents may not be issued with respect to any of our patent applications and existing or future patents issued to, or licensed by, us and may not provide adequate protection or competitive advantages for our products. Patents that are issued may be challenged, invalidated, or circumvented by our competitors. Furthermore, our patent rights may not prevent our competitors from developing, using, or commercializing products that are similar or functionally equivalent to our products.

**Third parties may claim that we infringe on their proprietary rights and may prevent us from manufacturing and selling certain of our products:**

There has been substantial litigation in the medical device industry with respect to the manufacture, use, and sale of new products. These lawsuits relate to the validity and infringement of patents or proprietary rights of third parties. We may be required to defend against allegations relating to the infringement of patent or proprietary rights of third parties. Any such litigation could, among other things:

- require us to incur substantial expense, even if we are successful in the litigation;

- require us to divert significant time and effort of our technical and management personnel;
- result in the loss of our rights to develop or make certain products; and
- require us to pay substantial monetary damages or royalties in order to license proprietary rights from third parties or to satisfy judgments or to settle actual or threatened litigation.

Although patent and intellectual property disputes within the medical devices industry have often been settled through assignments, licensing, or similar arrangements, costs associated with these arrangements may be substantial and could include the long-term payment of royalties. Furthermore, the required assignments or licenses may not be made available to us on acceptable terms. Accordingly, an adverse determination in a judicial or administrative proceeding or a failure to obtain necessary assignments or licenses could prevent us from manufacturing and selling some products or increase our costs to market these products.

**We may be subject to product and other liability claims that may not be covered by insurance and could require us to pay substantial sums. Moreover, fluctuations in insurance expense could adversely affect our profitability:**

We are subject to an inherent risk of, and adverse publicity associated with, product liability and other liability claims, whether or not such claims are valid. We maintain product liability insurance coverage in amounts and scope that we believe are reasonable and adequate. There can be no assurance, however, that product liability or other claims will not exceed our insurance coverage limits or that such insurance will continue to be available on reasonable, commercially acceptable terms, or at

all. A successful product liability claim that exceeds our insurance coverage limits could require us to pay substantial sums and could have a material adverse effect on our financial condition.

In addition to product liability insurance coverage, we hold a number of other insurance policies, including directors' and officers' liability insurance, property insurance, and workers' compensation insurance. If the costs of maintaining adequate insurance coverage should increase significantly in the future, our operating results could be materially adversely impacted.

(the remainder of this page intentionally left blank)



# Projections

## 12 Month Sales Projections for three years InControl Medical, LLC

### \$10,000,000 Operating Budget, Year 1

	Gross Sales	COGS	Gross Profit	Fixed Expense	Variable Expense	Internet Marketing	Television	Public Relations	Endorsers	10,000,000	EBITDA
Totals Year 1	23,370,000	4,674,000	18,696,000	4,190,000	765,000	3,030,000	3,900,000	120,000	1,000,000		5,141,400

## 12 Month Sales Projections for three years InControl Medical, LLC

### \$10,000,000 Operating Budget, Year 2

	Gross Sales	COGS	Gross Profit	Fixed Expense	Variable Expense	Internet Marketing	Television	Public Relations	Endorsers		EBITDA
Totals Year 2	96,500,000	19,300,000	77,200,000	5,720,000	1,630,000	5,130,000	4,400,000	150,000	850,000		21,230,000

## 12 Month Sales Projections for three years InControl Medical, LLC

### \$10,000,000 Operating Budget, Year 3

	Gross Sales	COGS	Gross Profit	Fixed Expense	Variable Expense	Internet Marketing	Television	Public Relations	Endorsers		EBITDA
Totals Year 3	191,800,000	38,360,000	153,440,000	8,500,000	3,450,000	7,400,000	7,350,000	200,000	1,200,000		42,196,000

## Medicare 65+

### All Expenses other than COGS covered in under 65 market

	Sales	COGS	Gross Profit	EBITDA
Year 1	9,600,000	1,920,000	7,680,000	7,680,000
Year 2	24,600,000	4,920,000	19,680,000	19,680,000
Year 3	55,800,000	11,160,000	44,640,000	44,640,000
<b>Total Year 3 EBITDA</b>				<b>86,836,000</b>

Includes Under 65 and Medicare EBITDA

## TRANSFER AGENT & REGISTRAR

The Company will act as its own transfer agent and registrar for its units of ownership.

## PLAN OF PLACEMENT

The Units are offered directly by the Managing Members of the Company on the terms and conditions set forth in this Memorandum. FINRA brokers and dealers may also offer units. The Company is offering the Units on a “best efforts” basis. The Company will use its best efforts to sell the Units to investors. There can be no assurance that all or any of the Units offered, will be sold.

## ESCROW OF SUBSCRIPTION FUNDS

Commencing on the date of this Memorandum all funds received by the Company in full payment of subscriptions for Units will be deposited in a holding account. The Company has set a minimum offering proceeds figure of \$250,000 for this Offering. The Company has established a segregated investment holding account with First Midwest Bank, into which the minimum offering proceeds will be placed. At least 1,000,000 Units must be sold for \$250,000 before such proceeds will be released from the Holding Account and utilized by the Company. Should the Offering fail to reach the Minimum Offering Amount by the end of the Offering Term, then all invested funds held in the Holding Account will be returned in full immediately to subscribed investors and any subscription agreements executed between subscribed investors and the Company will be void ab initio. After the minimum number of Units are sold, all subsequent proceeds from the sale of Units will be delivered directly to the Company and be available for its use. Subscriptions for Units are subject to rejection by the Company at any time.

## HOW TO SUBSCRIBE FOR UNITS

A purchaser of Units must complete, date, execute, and deliver to the Company the following documents, as applicable:

- An Investor Suitability Questionnaire;
- An original signed copy of the appropriate Subscription Agreement including verification of the investor’s accredited status;
- An executed joinder to InControl Medical, LLC’s Operating Agreement; and
- A check payable to “InControl Medical, LLC Security Acct.” in the amount of \$0.20 per Unit for each Unit purchased as called for in the Subscription Agreement (minimum purchase of 50,000 Units for \$10,000). All documents and checks must be sent to the Company c/o Foley & Lardner LLP, 777 E. Wisconsin Avenue, Milwaukee, WI 53202, Attn: David Seno.

Subscribers may not withdraw subscriptions that are tendered to the Company.

## ADDITIONAL INFORMATION

Each prospective investor may ask questions and receive answers concerning the terms and conditions of this offering and obtain any additional information which the Company possesses, or can acquire without unreasonable effort or expense, to verify the accuracy of the information provided in this Memorandum. The principal executive offices of the Company are located at 3225 Gateway Road, Suite 250, Brookfield, WI 53045 and the telephone number is 262-373-0422.

# ERISA CONSIDERATIONS

---

## GENERAL

When deciding whether to invest a portion of the assets of a qualified profit-sharing, pension or other retirement trust in the Company, a fiduciary should consider whether: (i) the investment is in accordance with the documents governing the particular plan; (ii) the investment satisfies the diversification requirements of Section 404(a)(1)(c) of Employee Retirement Income Security Act of 1974, as amended (“ERISA”); and (iii) the investment is prudent and in the exclusive interest of participants and beneficiaries of the plan.

## PLAN ASSETS

Under ERISA, whether the assets of the Company are considered “plan assets” is also critical. ERISA generally requires that “plan assets” be held in trust and that the trustee or a duly authorized Manager have exclusive authority and discretion to manage and control the assets. ERISA also imposes certain duties on persons who are “fiduciaries” of employee benefit plans and prohibits certain transactions between such plans and parties in interest (including fiduciaries) with respect to the assets of such plans. Under ERISA and the Code, “fiduciaries” with respect to a plan include persons who: (i) have any power of control, management or disposition over the funds or other property of the plan; (ii) actually provide investment advice for a fee; or (iii) have discretion with regard to plan administration. If the underlying assets of the Company are considered to be “plan assets,” then the Manager(s) of the Company could be considered a fiduciary with respect to an investing employee benefit plan, and various transactions between Management or any affiliate and the Company, such as the payment of fees to Managers, might result in prohibited transactions. A regulation adopted by the Department of Labor generally defines plan assets as not to include the underlying assets of the issuer of the securities held by a plan. However, where a plan acquires an equity interest in an entity that is neither a publicly offered security nor a security issued by certain registered investment companies, the plan’s assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless: (i) the entity is an operating company or; (ii) equity participation in the entity by benefit plan investors (as defined in the regulations) is not significant (i.e., less than twenty-five percent (25%) of any class of equity interests in the entity is held by benefit plan investors).

Benefit plan investors are not expected to acquire twenty-five percent (25%) or more of the Units offered by the Company. Management of the Company intends to preclude significant investment in the Company by such plans. Employee benefit plans (including IRAs), however, are urged to consult with their legal advisors before subscribing for the purchase of Units to ensure the investment is acceptable under ERISA regulations.



## **SECTION 3: Exhibits**

# PATENT PORTFOLIO

---

**InControl Medical, LLC**

3225 Gateway Road, Suite 250, Brookfield, WI 53045

Sep 11, 2020

## Patent Portfolio Report

Title	Owner	Country	Appl No./Date	Patent No./Date	Status/Docket No.
STIMULATION DEVICE	InControl Medical, LLC	Australia	201415702	359962	Granted
Inventors: Herschel Peddicord			8/25/2014	1/16/2015	098534-0178
STIMULATION DEVICE	InControl Medical, LLC	Australia	201415703	359963	Granted
Inventors: Herschel Peddicord			8/25/2014	1/16/2015	098534-0179
STIMULATION DEVICE	InControl Medical, LLC	Australia	201414200	358649	Granted
Inventors: Herschel Peddicord			8/25/2014	11/11/2014	098534-0176
URINARY INCONTINENCE DEVICE AND METHOD AND STIMULATION DEVICE AND METHOD	InControl Medical, LLC	Australia	2011268245	2011268245	Granted
Inventors: Herschel Peddicord			6/16/2011	1/7/2016	098534-0155
URINARY INCONTINENCE DEVICE AND METHOD AND STIMULATION DEVICE AND METHOD	InControl Medical, LLC	Australia	2015268783	2015268783	Granted
Inventors: Herschel Peddicord			6/16/2011	12/27/2017	098534-0185
STIMULATION DEVICE	InControl Medical, LLC	Brazil	302014004148-7	3020140041487	Granted
Inventors: Herschel Peddicord			8/26/2014	6/26/2018	098534-0175
URINARY INCONTINENCE DEVICE AND METHOD AND STIMULATION DEVICE AND METHOD	InControl Medical, LLC	Canada	2838506		Pending
Inventors: Herschel Peddicord			6/16/2011		098534-0153
STIMULATION DEVICE	InControl Medical, LLC	Canada	141223	D141223	Granted
Inventors: Herschel Peddicord			6/30/2011	2/17/2012	098534-0121
MEDICAL DEVICE	InControl Medical, LLC	Canada	141023	D141023	Granted
Inventors: Herschel Peddicord			6/16/2011	2/17/2012	098534-0116

Sep 11, 2020

## Patent Portfolio Report

Title	Owner	Country	Appl No./Date	Patent No./Date	Status/Docket No.
DEVICE FOR SEXUAL STIMULATION OF A USER	InControl Medical, LLC	Canada	142442	D142442	Granted
Inventors:			6/16/2011	2/17/2012	098534-0133
DEVICE FOR TREATING URINARY INCONTINENCE IN A USER	InControl Medical, LLC	Canada	142462	D142462	Granted
Inventors:			6/16/2011	2/17/2012	098534-0135
STIMULATION DEVICE	InControl Medical, LLC	Canada	162750	162750	Granted
Inventors: Herschel Peddicord			8/22/2014	11/5/2015	098534-0182
STIMULATION DEVICE	InControl Medical, LLC	Canada	162751	162751	Granted
Inventors: Herschel Peddicord			8/22/2014	11/5/2015	098534-0183
STIMULATION DEVICE	InControl Medical, LLC	Canada	158301	158301	Granted
Inventors: Herschel Peddicord			8/22/2014	11/5/2015	098534-0174
STIMULATION DEVICE	InControl Medical, LLC	Canada	141022	D141022	Granted
Inventors: Herschel Peddicord			6/16/2011	2/17/2012	098534-0117
MEDICAL DEVICE	InControl Medical, LLC	China	201130175799.5	ZL201130175799.5	Granted
Inventors: Herschel Peddicord			6/16/2011	7/18/2012	098534-0118
STIMULATION DEVICE	InControl Medical, LLC	China	201130175800.4	ZL201130175800.4	Granted
Inventors: Herschel Peddicord			6/16/2011	2/15/2012	098534-0119
STIMULATION DEVICE	InControl Medical, LLC	China	201130205306.8	ZL201130205306.8	Granted
Inventors: Herschel Peddicord			7/1/2011	7/1/2011	098534-0120
URINARY INCONTINENCE DEVICE AND METHOD AND STIMULATION DEVICE AND METHOD	InControl Medical, LLC	China	201180038873.6	ZL201180038873.6	Granted
Inventors: Herschel Peddicord			6/16/2011	8/24/2016	098534-0151

Sep 11, 2020

## Patent Portfolio Report

Title	Owner	Country	Appl No./Date	Patent No./Date	Status/Docket No.
STIMULATION DEVICE	InControl Medical, LLC	China	201430301795.0 8/22/2014	201430301795.0 5/20/2015	Granted 098534-0173
Inventors: Herschel Peddicord					
URINARY INCONTINENCE DEVICE AND METHOD AND STIMULATION DEVICE AND METHOD	InControl Medical, LLC	European Patent Office	11796439.5 6/16/2011	2582430 3/13/2019	Granted 098534-0152
Inventors: Herschel Peddicord					
MEDICAL DEVICE	InControl Medical, LLC	European Union	001878828 6/16/2011	001878828-0001-000 6/16/2011	Granted 098534-0115
Inventors: Herschel Peddicord					
STIMULATION DEVICE	InControl Medical, LLC	European Union	002522623-0001 8/21/2014	002522623-0001 8/21/2014	Granted 098534-0172-00 n1
Inventors: Herschel Peddicord					
STIMULATION DEVICE	InControl Medical, LLC	European Union	002522623-0003 8/21/2014	002522623-0003 8/21/2014	Granted 098534-0172-00 n3
Inventors: Herschel Peddicord					
STIMULATION DEVICE	InControl Medical, LLC	European Union	002522623-0002 8/21/2014	002522623-0002 8/21/2014	Granted 098534-0172-00 n2
Inventors: Herschel Peddicord					
STIMULATION DEVICE	InControl Medical, LLC	European Union	001878802 6/16/2011	001878802-0001-000 6/16/2011	Granted 098534-0112
Inventors: Herschel Peddicord					
URINARY INCONTINENCE DEVICE AND METHOD AND STIMULATION DEVICE AND METHOD	InControl Medical, LLC	France	11796439.5 6/16/2011	2582430 3/13/2019	Granted 098534-0152/F P
Inventors: Herschel Peddicord					
URINARY INCONTINENCE DEVICE AND METHOD AND STIMULATION DEVICE AND METHOD	InControl Medical, LLC	Germany	11796439.5 6/16/2011	2582430 3/13/2019	Granted 098534-0152/D F
Inventors: Herschel Peddicord					

Sep 11, 2020

## Patent Portfolio Report

Title	Owner	Country	Appl No./Date	Patent No./Date	Status/Docket No.
STIMULATION DEVICE	InControl Medical, LLC	Mexico	MX/#/2015/00297 6	47727	Granted
Inventors: Herschel Peddicord			8/25/2014	8/31/2016	098534-0187
STIMULATION DEVICE	InControl Medical, LLC	Mexico	MX/#/2015/00297 5	47728	Granted
Inventors: Herschel Peddicord			8/25/2014	8/31/2016	098534-0186
STIMULATION DEVICE	InControl Medical, LLC	Mexico	MX/#/2014/00260 6	46025	Granted
Inventors: Herschel Peddicord			8/25/2014	1/11/2016	098534-0171
URINARY INCONTINENCE TREATMENT DEVICE AND METHOD FOR USING THE SAME	InControl Medical, LLC	P.C.T.	PCT/US2019/052 647		Pending
Inventors: Herschel Peddicord			9/24/2019		098534-0207
URINARY INCONTINENCE DEVICE AND METHOD AND STIMULATION DEVICE AND METHOD	InControl Medical, LLC	Russian Federation	2013100469	2597803	Granted
Inventors: Herschel Peddicord			6/16/2011	8/24/2016	098534-0154
URINARY INCONTINENCE DEVICE & METHOD AND STIMULATION DEVICE & METHOD	InControl Medical, LLC	Russian Federation	2016122911	2629163	Granted
Inventors: Herschel Peddicord			6/16/2011	8/24/2017	098534-0190
URINARY INCONTINENCE DEVICE AND METHOD AND STIMULATION DEVICE AND METHOD	InControl Medical, LLC	United Kingdom	11796439.5	2582430	Granted
Inventors: Herschel Peddicord			6/16/2011	3/13/2019	098534-0152/G R
URINARY INCONTINENCE DEVICE AND METHOD AND STIMULATION DEVICE AND METHOD	InControl Medical, LLC	United States of America	14/336555	9655808	Granted
Inventors: Herschel Peddicord			7/21/2014	5/23/2017	098534-0170
STIMULATION DEVICE	InControl Medical, LLC	United States of America	29/394434	D670398	Granted
Inventors: Herschel Peddicord			6/16/2011	11/6/2012	098534-0113

Sep 11, 2020

## Patent Portfolio Report

Title	Owner	Country	Appl No./Date	Patent No./Date	Status/Docket No.
STIMULATION DEVICE Inventors: Herschel Peddicord	InControl Medical, LLC	United States of America	29/504396 10/6/2014	D739545 9/22/2015	Granted 098534-0177
URINARY INCONTINENCE DEVICE AND METHOD Inventors: Herschel Peddicord	InControl Medical, LLC	United States of America	13/739750 1/11/2013	8818512 8/26/2014	Granted 098534-0146
STIMULATION DEVICE Inventors: Herschel Peddicord	InControl Medical, LLC	United States of America	29/382734 1/8/2011	D652526 1/17/2012	Granted 098534-0103
STIMULATION DEVICE Inventors: Herschel Peddicord	InControl Medical, LLC	United States of America	29/484554 3/11/2014	RE45585 6/30/2015	Granted 098534-0167
STIMULATION DEVICE Inventors: Herschel Peddicord	InControl Medical, LLC	United States of America	29/483386 2/27/2014	D716463 10/28/2014	Granted 098534-0169
STIMULATION DEVICE Inventors: Herschel Peddicord	InControl Medical, LLC	United States of America	29/414097 2/24/2012	D670399 11/6/2012	Granted 098534-0139
STIMULATION DEVICE AND METHOD Inventors: Herschel Peddicord	InControl Medical, LLC	United States of America	13/458734 4/27/2012	8784345 7/22/2014	Granted 098534-0136
URINARY INCONTINENCE DEVICE AND METHOD Inventors: Herschel Peddicord	InControl Medical, LLC	United States of America	13/458857 4/27/2012	8369953 2/5/2013	Granted 098534-0141
STIMULATION DEVICE Inventors: Herschel Peddicord	InControl Medical, LLC	United States of America	29/426577 7/8/2012	D674503 1/15/2013	Granted 098534-0142
STIMULATION DEVICE Inventors: Herschel Peddicord	InControl Medical, LLC	United States of America	29/529605 6/9/2015	RE46163 9/27/2016	Granted 098534-0180

Sep 11, 2020

## Patent Portfolio Report

Title	Owner	Country	Appl No./Date	Patent No./Date	Status/Docket No.
URINARY INCONTINENCE DEVICE AND METHOD AND STIMULATION DEVICE AND METHOD	InControl Medical, LLC	United States of America	15/598530 5/18/2017	10517790 12/31/2019	Granted 098534-0182
URINARY INCONTINENCE TREATMENT DEVICE AND METHOD FOR USING THE SAME	InControl Medical, LLC	United States of America	16/145985 9/28/2018		Pending 098534-0200
MEDICAL DEVICE	InControl Medical, LLC	United States of America	29/394433 6/16/2011	D669592 10/23/2012	Granted 098534-0111
STIMULATION DEVICE	InControl Medical, LLC	United States of America	29/539623 9/16/2015	D754870 4/26/2016	Granted 098534-0184

[This page intentionally left blank.]

# SUPPORTING DOCUMENTATION

---

**InControl Medical, LLC**

3225 Gateway Road, Suite 250, Brookfield, WI 53045

# MED TECH

MEDICALTECHOUTLOOK.COM

## OUTLOOK

**GYNAECOLOGY**  
EDITION



**HERSCHEL "BUCK" PEDDICOLO, III,**  
FOUNDER & CEO

**BARBARA LONG,**  
CEO

**JAMI KONECK,**  
CEO

**MITCH MARFATO,**  
CEO

# INCONTROL MEDICAL

**RESTORING CONTINENCE  
NATURALLY**



**MEDTECH** BUYER'S **TOP 10**  
**GYNAECOLOGY**  
 Solution Providers - 2020

COVER STORY

# INCONTROL MEDICAL

## RESTORING CONTINENCE NATURALLY



HERSCHEL "BUZZ" PEDDICORD, III  
 FOUNDER & CEO

BARBARA LONG,  
 CFO

ANN KOVECK,  
 COO

MITCH MAREATO,  
 COO

Incontinence, a taboo topic, has for long been kept under wraps. It is an eye-opener to know that a staggering 60 million women in the U.S. suffer from the embarrassing impact of urinary incontinence and another 16 million struggle with fecal incontinence in silence. The scales seem to be stacked against women, with statistics pointing that 75 percent of those suffering the consequences of incontinence are women.

Unfortunately, only a minuscule percentage, one in ten women, proactively seeks help from doctors. The majority keep it hidden, socially isolate themselves, and battle with the associated distress. For those seeking medical help, OBGYNs prescribe medications, as surgery is relatively ineffective. But on the flip side, a nested case-control study published online in JAMA Internal Medicine, warns that the long-term use of the commonly prescribed anticholinergic drugs for incontinence can increase the chances of dementia by 50 percent. Moreover, the remedy is only useful for stress urinary incontinence while it is not helpful for fecal and urge urinary incontinence.

On a positive note, non-pharmacologic treatment such as pelvic floor physical therapy effectively reduces or eliminates incontinence. But not many women have access to or are willing to follow this line of treatment.

Against this challenging backdrop, InControl Medical, a leading provider of at-home medical devices, empowers women to take control of their lives through an array of innovative home medical devices. Offering a beacon of hope, the company's over-the-counter products have helped countless women to self-treat urinary and fecal incontinence by strengthening their pelvic floor muscles in the privacy of their homes.

"Our goal is to eliminate incontinence," says Herschel "Buzz" Peddicord, II, founder and CEO of InControl Medical. "We have close to 93 percent success rate in restoring continence naturally."

With close to 180,000 FDA cleared electrical stimulation devices sold to date, the ISO 13485 certified company manufactures all its products, which ticks the box on quality excellence, at its facility in Brookfield, Wisconsin. "Our products are made in America by women, for women," adds Buzz.

“  
Our products are  
made in America by  
women, for women  
”

### Causes and Cure

While taking the first step to wellness, it is worth understanding the root cause of incontinence. A multitude of etiologies ranging from congenital disabilities, post-partum, anal or rectal cancer, high impact exercises, and the natural aging process are the predominant factors resulting in incontinence. However, the root cause, as in most cases, happens to be a muscle issue. It is either the weak pelvic floor muscles causing stress urinary incontinence or the overactive detrusor muscle resulting in an overactive bladder, a condition experienced by 50 percent of women above 50.

When a physical activity such as laughing or coughing, among others, puts stress on the weak pelvic floor muscles, they don't close down on the urethra, causing urine to leak. "The first thing our device does for stress incontinence is

to strengthen the pelvic floor muscles," remarks Buzz. "In the case of urge incontinence, it is not about strengthening, instead calming the detrusor muscle and trying to stop it from spasming." The detrusor muscle, due to several conditions, can send wrong messages to the brain. It alters the normal functioning of the bladder by contracting involuntarily and creating an urgent need to urinate even when the volume of urine in the bladder is low.

A lot of women suffer from both types of incontinence. The genesis of InControl traces back to the time when Buzz's search for a solution to resolve stress and urge incontinence for a close family member proved futile. After selling his previous company, HomMed, LLC, which manufactured in-home health monitoring products for chronically ill patients, to Honeywell, Buzz and his team ventured into finding a cure for mixed incontinence. Drawing on their vast experience in the medical device industry, they designed the first product, InTone. This inflatable female incontinence device has helped scores of women solve the frustrating issue of involuntary loss of urine.

To treat mixed incontinence, the InControl devices are designed with two specific algorithms to transmit electrical stimulation, one for building pelvic floor muscles that include the puborectalis muscle and the other for calming the detrusor muscle. In effect, InControl's products, as opposed to the competition, handle the two major types of urinary incontinence and fecal incontinence. While most other companies have only anecdotal information, InControl has real clinical studies supporting its unique value proposition.

### Simple and Effective

As a leading player in electrical stimulation devices, InControl's advanced technology has approximately 50 patents protecting its design. The InControl device is a transvaginal or transrectal device depending on the condition of the patient. It comes with a soft silicone insertion probe that features an inflatable balloon and, as opposed to a fixed diameter probe, contours to a woman's body, making sure the contacts for the electrical stimulation press deep into the motor points of the muscle.

In 1948, when Kegel exercises were first described by Dr. Arnold Kegel to eliminate stress incontinence by strengthening pelvic floor muscles, he emphasized exercising against active resistance. "The balloon acts as an active resistance similar to weights in a barbell. When inflated, the pressure inside the balloon increases, making it harder for the pelvic floor muscles to contract, and thereby strengthening it quickly," says Buzz. "Trying to squeeze the pelvic floor muscles on your own without any resistance is not going to build any muscle."

Consider this interesting analogy: If someone went to the gym and lifted only the barbell, it would not build muscles. On the other hand, if weights are put on the barbell and raised, the muscles contract, and when the barbell is slowly brought down, the muscles are exercised the second time. Drawing parallels, the balloon in the device delivers that double exercise, firstly when a woman squeezes against it, and secondly, when the balloon pushes back.

A year ago, InControl introduced Attain, an over-the-counter, at-home device to treat stress, urge, and mixed urinary as well as bowel incontinence. Attain has a pressure sensor inside the probe, which is accurate to one one-hundredth of a pound per square inch. When a patient exercises and squeezes against the balloon, the pressure sensor measures the change of pressure, which is co-relatable to muscle strength. When the balloon is squeezed, a bar graph moves up on a display system. The farther a patient can make it go, it means the muscles are stronger. The patient can see her daily progress as she can push the bar graph up by another notch. Attain's visual biofeedback is based on actual muscle strength collected inside the balloon, and that encourages the user that the product is doing what it is supposed to do. "Our device is designed to help build pelvic floor muscles very quickly to solve the stress urinary incontinence while another signal goes out to the detrusor muscle to calm it down and help re-establish the brain muscle communication," explains Buzz. For effective results, patients are encouraged to use it for 10 minutes a day, six days a week, as directed for 90 days.

Buzz recalls an interesting case study where a physical therapist specializing in treating pelvic floor dysfunction, suffered from incontinence but was skeptical of using Attain. "We shipped our product for free, and she was cured of her incontinence when she tried it," he says. Impressed with the results, she has become the brand ambassador for InControl. For every patient, she provides her regular therapy and sends them home with an Attain device to use between therapy visits. The combination of physical therapy and Attain delivers a very high success rate.

The company also offers another scientifically designed device—Intensity—for sexual health and stimulation. It is

designed to help women who have vaginal laxity and have a hard time achieving orgasm. Intensity not only strengthens the pelvic floor muscles but also resultantly renews vaginal laxity, and stimulates the nerve endings both externally and internally to result in orgasms.

### Fostering Positive Outcomes

More than 70 percent of InControl products are sold on a B2C basis, while the remaining 30 percent is bought by OB/GYNs and internal medicine physicians who, in turn, sell to their patients.

Patients can order the product and have it shipped to their home in a discreet package. What's more, the company offers a 100 percent money-back guarantee for dissatisfied patients after 90 days of regular exercise. The company's innovative product portfolio is backed by excellent customer service. All customer queries are answered by female clinicians trained explicitly in incontinence, guiding patients, and walking them through the journey.

InControl plans to steer ahead with aggressive marketing programs in the fourth quarter. Alongside, a slew of products on the drawing board is set to be rolled out later this year. The latest product will be the second generation of InTone, which will measure the pressure inside the balloon down to one one-hundredths of a pound per square inch, in direct correlation to muscle strength as the patient exercises. The muscle strength data is displayed in a graph on a touchscreen, through which the patient can view her progress every day. "Nobody has displayed real clinical data, but we will be able to do that in our upcoming product. Our focus is also on reducing cost while upholding quality," says Buzz.

Buzz attributes the company's incredible success to his loyal, talented, and multifaceted team with decades of experience in the medical device arena. "Our culture is one of building the highest quality product possible, and there is no quality standard that we don't already meet and exceed," states Buzz.

In essence, InControl, with every innovative step, is well on its way to eliminating incontinence. 



# MED TECH

JULY - 2020

**OUTLOOK**



[This page intentionally left blank.]

# OPERATING AGREEMENT

---

**InControl Medical, LLC**

3225 Gateway Road, Suite 250, Brookfield, WI 53045

OPERATING AGREEMENT  
OF  
INCONTROL MEDICAL, LLC  
SEPTEMBER 15, 2010

THE SECURITIES (MEMBERSHIP INTERESTS REPRESENTED BY UNITS) EVIDENCED BY AND/OR ISSUED PURSUANT TO THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED OR QUALIFIED UNDER ANY SECURITIES OR BLUE SKY LAWS OF ANY STATE OR JURISDICTION. THE SECURITIES MAY NOT BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED UNTIL A REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND THE APPLICABLE STATE SECURITIES OR BLUE SKY LAWS SHALL HAVE BECOME EFFECTIVE WITH REGARD TO THE PROPOSED TRANSFER OR, IF DIRECTED BY THE BOARD OF MANAGERS, IN THE OPINION OF THE COMPANY'S LEGAL COUNSEL, REGISTRATION OR QUALIFICATION UNDER THE SECURITIES ACT OR BLUE SKY LAWS IS NOT REQUIRED IN CONNECTION WITH THE PROPOSED TRANSFER.

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS .....	1
ARTICLE II ORGANIZATION AND PURPOSE .....	1
ARTICLE III RIGHTS AND RESPONSIBILITIES OF MEMBERS.....	2
ARTICLE IV MEETINGS OF MEMBERS.....	8
ARTICLE V MANAGEMENT.....	10
ARTICLE VI ALLOCATIONS .....	14
ARTICLE VII DISTRIBUTIONS .....	16
ARTICLE VIII ACCOUNTING AND CERTAIN TAX MATTERS .....	18
ARTICLE IX TRANSFERABILITY .....	20
ARTICLE X OPTIONS TO PURCHASE.....	22
ARTICLE XI DISSOLUTION AND TERMINATION.....	26
ARTICLE XII SALE OF THE COMPANY .....	27
ARTICLE XIII MISCELLANEOUS PROVISIONS.....	28

## OPERATING AGREEMENT

**THIS OPERATING AGREEMENT** (this “**Agreement**”) is made and entered into effective as of the 15th day of September, 2010, by and among InControl Medical, LLC, a Wisconsin limited liability company (the “**Company**”), and the undersigned members of the Company.

### RECITALS

A. The Company was formed as a result of filing its Articles of Organization with the Wisconsin Department of Financial Institutions (the “**Department**”) pursuant to the Act.

B. The Members desire to adopt this Agreement as the operating agreement of the Company under the Act to set forth their rights and responsibilities with respect to the Company and its business and affairs.

**NOW, THEREFORE**, in consideration of the foregoing and the agreements and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

### AGREEMENT

#### ARTICLE I DEFINITIONS

1.1. Certain Definitions. Capitalized words and phrases used in this Agreement shall have the following meanings set forth in the definitions contained in Exhibit B, unless the text expressly or by necessary implication requires otherwise.

#### ARTICLE II ORGANIZATION AND PURPOSE

2.1. Formation. The Company was organized as a Wisconsin limited liability company pursuant to the Act by the filing of the Articles of Organization with the Department. The Members hereby ratify and approve any and all actions any organizer of the Company has taken prior to the effective date of this agreement to effect the organization of the Company.

2.2. Name. The name of the Company is “InControl Medical, LLC.” The name of the Company may be changed from time to time in the discretion of the Board of Managers, and the Board of Managers is hereby authorized and empowered to execute and deliver in the name and on behalf of the Company any and all documents necessary or appropriate to effect any such name change, including, without limitation, articles of amendment to the Articles of Organization, provided that the Secretary promptly notifies each Member of any such name change. The Company may conduct its business under such other fictitious names as the Board of Managers selects and the law permits, provided that the Secretary promptly notifies each Member of any such fictitious names.

2.3. Principal Place of Business. The Company may locate its principal office and places of business at any place or places as the Board of Managers may from time to time deem advisable.

2.4. Registered Agent and Registered Office. The name of the Company's registered agent in the State of Wisconsin shall be Foley & Lardner LLP (Attn: Steven R. Barth). The address of the Company's registered office in the State of Wisconsin shall be c/o Foley & Lardner LLP, 777 East Wisconsin Avenue, Milwaukee, Wisconsin 53202. The Company's registered agent and registered office may be changed from time to time in the sole discretion of the Board of Managers by filing the name of the new registered agent and/or the address of the new registered office with the appropriate authority as required by applicable law.

2.5. Term. The Company shall continue in existence until dissolved and terminated pursuant to the provisions of this Agreement.

2.6. Purpose. The purpose of the Company shall be to research, produce, and sell certain medical and/or non-medical devices, as well as any other lawful purpose under the Act. The Company may exercise all powers reasonably connected with such activities and businesses that may be legally exercised by limited liability companies under the Act, and the Company may engage in all activities necessary, customary, convenient, or incident to any of the foregoing.

2.7. Organization Costs. The Company shall be responsible and shall pay for all fees, expenses and costs incurred in establishing and forming the Company, including, but not limited to, organizational fees, legal fees and accounting fees.

2.8. Partnership for Tax Law Purposes; No State Law Partnership. The Members intend that the Company be classified for U.S. federal income tax and state income tax purposes as a partnership, but that the Company not be operated or treated as a "partnership" for any other purpose, and the provisions of this Agreement shall not be construed to suggest otherwise.

2.9. Foreign Qualification. Before the Company transacts business in any jurisdiction other than Wisconsin in a manner that would require the Company to qualify or register to do business in the jurisdiction, the Board of Managers shall, to the extent procedures are available and those matters are reasonably within the control of the Board of Managers, take all necessary actions to qualify the Company as a foreign limited liability company authorized to transact business in the jurisdiction. Each Member shall execute, acknowledge, swear to and deliver all certificates and other instruments conforming with this Agreement requested by the Board of Managers that are necessary or appropriate to qualify, continue and terminate the Company as a foreign limited liability company authorized to transact business in all jurisdictions in which such authorization is required.

### ARTICLE III RIGHTS AND RESPONSIBILITIES OF MEMBERS

3.1. General. The rights and responsibilities of the Members shall be as provided in the Articles of Organization, this Agreement and the Act.

3.2. Members; Capital Contributions; Agreed Values; Number and Classes of Units. The names and business addresses of the Members upon the execution of this Agreement, the Capital Contributions of each such Member, the agreed value thereof for Capital Account purposes, and the number and class of Units to be issued to each such Member are set forth on Exhibit A. Exhibit A shall be modified as appropriate from time to time to reflect the admission of new Members or the issuance of additional Units to new or existing Members.

3.3. Issuance of Additional Units and Pre-Emptive Rights. Except as provided in this Section 3.3, the Company may not offer additional Units to any new or existing Member.

(a) Initial Raise and Significant Investor Warrants. Until December 31, 2010, the Company may issue Units at \$0.20 per Unit in accordance with terms and conditions of the offering of Units made at the time or in connection with the execution of this Agreement (the “**Initial Raise**”), including the issuance of any non-compensatory warrants described in the Initial Raise. Those Members who purchase Units before the close of the Initial Raise are referred to as “**Initial Members**”. Pursuant to the terms of the Initial Raise, those Members whose total cash Capital Contribution during the Initial Raise is at least \$100,000 (a “**Significant Investor**”) shall be entitled to receive a warrant to purchase one (1) additional Unit for every five (5) Units purchased during the Initial Raise at a purchase price of \$0.01 per Unit (the “**Significant Investor Warrants**”).

(b) Excluded Securities. The Board of Managers may, in its sole discretion, issue Excluded Securities upon terms and conditions, including the purchase price, as determined by the Board of Managers in its sole discretion. The aggregate number of Units to be issued or deemed issued pursuant to the terms of the Excluded Securities shall not exceed 2,000,000 Units in the aggregate (but for this purpose excluding any Units issued in connection with the exercise of the Significant Investor Warrants) without the prior affirmative vote or written consent of the Members holding a majority of the outstanding Units.

(c) Additional Equity Raises. Following the Initial Raise, the Board of Managers may, in its sole discretion, offer to sell Units (other than Excluded Securities) as follows:

(i) The first bona fide offer to issue additional Units (other than Excluded Securities) immediately following the closing of the Initial Raise, as determined by the Board of Managers (the “**Second Equity Raise**”), shall be subject to the provisions of this Section 3.3. Prior to issuing any additional Units to any new or existing Member in the Second Equity Raise, the Company shall offer, and each Initial Member shall have the preemptive right to right to purchase, additional Units to be offered in such Second Equity Raise at the price of \$0.20 per Unit (i.e., the same per Unit price as Units issued in the Initial Raise). Each Initial Member may purchase a proportion of the Units (other than Excluded Securities) offered for sale in connection with the Second Equity Raise in an amount equal to the number of Units of the Company then held by such Member bears to the total number of outstanding Units (as determined on a fully-diluted

basis, but excluding any Units issued or issuable under the Company's Equity Plan). The balance of any Units to be offered for sale in the Second Equity Raise that are not purchased by the Initial Members shall be subject to the provisions of Section 3.3(c)(ii). Following the first bona fide offer to issue additional Units (other than Excluded Securities) pursuant to any Second Equity Raise, the provisions of this Section 3.3(c)(i) shall be without further effect.

(ii) After following the procedure in Section 3.3(c)(i) (if applicable) in connection with any Second Equity Raise, the Company may thereafter in any subsequent equity raise issue additional Units (other than Excluded Securities) only if the Company first offers, for a reasonable time, all then existing Members the offer to purchase such additional Units on the same terms and conditions as otherwise then being offered to other or potential new Members. In the event the existing Members desire to acquire more Units than the Company desires to offer, the existing Members shall have the preemptive right to purchase such additional Units offered in proportion to the number of Units each such Member owns compared to the total number of Units then outstanding (as determined on a fully-diluted basis, but excluding any Units issued or issuable under the Company's Equity Plan). In the event the existing Members do not desire to acquire all such additional Units, the remaining additional Units may be offered to Persons who are not existing Members. The purchase price for any additional Units to be issued, and the other terms and conditions of issuance, shall be as determined by the Board of Managers.

(iii) The Board of Managers shall have the power and authority to interpret and apply the provisions of this Section 3.3 as it may determine, in its discretion, to be appropriate and all such decisions shall be binding on the Company and all existing and new Members.

3.4. Admission of New Members. Notwithstanding any provision contained herein to the contrary, and without limiting any other conditions imposed pursuant to this Agreement, prior to the admission of any new Member to the Company or the issuance of any Units to any such new Member, the Company must have received a written instrument, in form and substance acceptable to the Board of Managers, signed by or on behalf of the new Member containing the new Member's express acceptance of, and agreement to be bound by, all terms and conditions of this Agreement, including any amendments adopted pursuant to the terms of this Agreement.

3.5. Certificates Representing Ownership of Units. Certificates representing ownership of Units may be executed and delivered by or on behalf of the Company. The form of such certificates, if any, shall be as determined by the Board of Managers. Notwithstanding the foregoing, if certificates are executed and delivered by the Company, such certificates shall be in the name of the Company and shall set forth the name of the Member and the number and class,

if any, of Units owned or held by such Member. All certificates shall be consecutively numbered or otherwise identified.

3.6. Additional Capital Contributions. No Member shall be required to make any additional Capital Contributions to the Company.

3.7. Interest on Capital Contributions. Except as otherwise expressly provided in this Agreement, no Member shall be paid interest on such Member's Capital Contributions to the Company.

3.8. Loans by or to Members. No provision of this Agreement shall be construed so as to prohibit the Company from obtaining working capital or investment capital funds through loans from Members or third parties (which loans shall be nonrecourse, unless otherwise specifically agreed by the respective Member) or in any other manner, provided that no Member may make a secured or unsecured loan to the Company or guarantee any loan or debt of the Company without the prior approval and consent of the Board of Managers. The Company shall not make any loans to any Member, or any Affiliate of a Member, without the express written consent of the Board of Managers. Any loan under this Section 3.8 shall be evidenced by a promissory note and shall bear interest at the rate and on such other terms as determined by the Board of Managers, provided that the rate shall not be less than the Applicable Federal Rate and shall not exceed the lesser of (a) eighteen percent (18%) per year, and (b) the maximum rate of interest permitted under applicable law. Any loan hereunder shall not increase the Member's Capital Contributions or entitle the Member to an increased distribution of the Company's assets under Article VII, other than repayment of the loan.

3.9. Related Party Transactions. The Members hereby acknowledge and agree that the Company has contracted, and may from time to time contract in the future, with Persons who are Members or Affiliates of Members (including particularly Foley & Lardner LLP). Any such existing contracts (including the engagement agreement of Foley & Lardner LLP) are hereby ratified and confirmed by the Members. Furthermore, the Members hereby provide the Board of Managers with the authority to authorize the Company to engage in other transactions with Members in the future.

3.10. Employment of Certain Members. Unless and until otherwise determined by the Board of Managers, in exchange for the services of Herschel "Buzz" Peddicord as the Company's President and Chief Executive Officer, the Company shall pay a monthly cash distribution of \$15,000 to him until otherwise determined by the Board of Managers. Such monthly distribution shall be treated as an interest-free advance of any distribution, to be paid to him pursuant to Sections 7.2 or 7.3. The Company's sole recourse with respect to such advances shall be a reduction in the distributions to be made to him pursuant to Sections 7.2 or 7.3 and the procedure described in Section 3.12. As a term of his service as the Company's President and Chief Executive Officer, Mr. Peddicord shall devote substantially all of his time and energy to the business of the Company, subject to the reasonable oversight and direction of the Board of Managers. Notwithstanding the foregoing, Mr. Peddicord may engage in other business enterprises that may be related to, but not in direct competition with, the business of the Company and such other business enterprises will be managed separate and distinct from the

business of the Company and the Company and other Members shall have no interest in such other business enterprises.

3.11. Limitation of Liability. Each Member's liability for debts, liabilities, and obligations of the Company shall be limited as set forth in this Agreement and applicable law. Unless otherwise specifically agreed by a Member in a writing separate from this Agreement, no Member shall be personally liable for any debt, obligation or liability of the Company. The failure of the Company to observe any formalities or requirements relating to the exercise of its powers or management of its business or affairs under this Agreement or the Act shall not be grounds for imposing personal liability on the Members or the Board of Managers for liabilities of the Company.

3.12. Liability of a Member to the Company. A Member who receives a distribution made by the Company in violation of this Agreement or Section 183.0607(1) of the Act is liable to the Company for the amount of such distribution if the Company makes a claim for such amount within two years of the distribution date.

3.13. Indemnification. The Company shall indemnify the Members and agents of the Members for all costs, losses, liabilities and damages paid or accrued by such Member or agent in connection with the business of the Company to the fullest extent provided or allowed by the Act.

3.14. Member Voting Rights. Each outstanding Unit, unless it is designated a non-voting Unit, shall be entitled to one vote upon each matter submitted to a vote at a meeting of the Members.

3.15. Securities Law Matters. Each Member hereby agrees, represents and warrants, as applicable, that: (a) the Member is acquiring the Member's interest in the Company (represented by one or more Units) for the Member's own account as an investment; (b) the Member acknowledges that the Units have not been registered under the Securities Act of 1933 or any state securities laws, and may not be resold or transferred by the Member without appropriate registration or the availability of an exemption from such requirements; and (c) the Member agrees to the terms of this Agreement and to perform the Member's obligations hereunder.

3.16. Withdrawal. Except as otherwise provided in this Agreement, no Member shall be entitled to: (a) voluntarily withdraw from the Company; (b) withdraw any part of such Member's Capital Contributions from the Company; (c) demand the return of such Member's Capital Contributions; or (d) receive property other than cash in return for such Member's Capital Contribution.

3.17. Certain Obligations of Members and Former Members.

(a) Acknowledgement of Duty. Each Member acknowledges that each owes the Company and other Members the highest fiduciary loyalty and duty as provided in Section 183.0402 of the Act. No provision of this agreement shall be interpreted as limiting such fiduciary loyalty and duty, except to the extent this Agreement expressly provides for a procedure for relief from such fiduciary loyalty and duty.

(b) Confidential Information. Each Member acknowledges the confidential and proprietary nature of the Confidential Information and covenants and agrees on his, her or its behalf and on behalf of his, her or its Representatives, that while a Member and for a period of two years following the date of termination of such membership for any reason (for purposes of this subsection (c) and subsection (d) below, "Member" also shall refer to any former Member);

(i) Neither the Member nor any of his, her or its Representatives shall, without prior written consent from the Company, directly or indirectly disclose, print, copy, or otherwise reproduce, or cause any third party to disclose, print, copy or otherwise reproduce, in whole or in part, any Confidential Information (for purposes of this Agreement, printed e-mail communications will constitute a writing); and

(ii) Each Member and his, her or its Representatives shall keep all Confidential Information strictly secret and confidential, including at least the following requirements:

(1) The Member shall disclose Confidential Information only to those Representatives having a need to know the Confidential Information for preparation of personal taxes, personal financial statements and the like;

(2) The Member shall enforce the terms of this Section 3.17(b) as to its Representatives;

(3) The Member shall be responsible and liable for any breach of the provisions of this Section 3.17(b) by him, her or it or his, her or its Representatives; and

(4) The Member shall notify the Company immediately if the Member becomes aware or believes that any Confidential Information has been disclosed in an unauthorized manner, lost or stolen.

(c) Trade Secrets. Notwithstanding any other provision of this Agreement to the contrary, any trade secrets of the Company shall be entitled to all of the protections and benefits under applicable trade secret law and any other applicable law. If any information that the Company or its Representatives deems to be a trade secret is found by a court of competent jurisdiction not to be a trade secret for purposes of this subsection (c), such information shall still be considered Confidential Information of the Company for purposes of Section 3.17(b) to the extent included within the definition of Confidential Information. In the case of trade secrets, each Member on behalf of himself, herself or itself and his, her or its Representatives hereby waives any requirement that the other party submit proof of the economic value of any trade secret or post a bond or other security.

(d) Equitable Relief for Violations. Each Member agrees that the provisions and restrictions contained in this Section 3.17 are reasonable and necessary to protect the legitimate interests of the Company, and that any violation or breach of these provisions will result in irreparable injury to Company for which a remedy at law would be inadequate and that, in addition to any relief at law which may be available to the Company for such violation or breach and regardless of any other provision contained in this Agreement, the Company shall be entitled to injunctive and other equitable relief as a court may grant after considering the intent of this Section 3.17.

(e) Interpretation. If a court of competent jurisdiction should decide that any of the provisions of Section 3.17 are not enforceable, in whole or in part, the parties declare it is their intention that the remaining provisions shall not be affected by such unenforceability, but shall remain in full force and effect, and any such unenforceable provisions shall be deemed, without further action on the part of any Person, to be modified, amended and/or limited, but only to the extent necessary to render the same valid and enforceable in such jurisdiction.

#### ARTICLE IV MEETINGS OF MEMBERS

4.1. Quarterly Meetings. Unless and until otherwise determined by the Board of Managers (but never less than annually), a meeting of the Members shall be called by the Board of Managers quarterly and, if called, shall be held at such time and place as shall be determined by the Board of Managers for the purpose of transacting such business as may properly come before the meeting.

4.2. Special Meetings. Special meetings of the Members may be called for any purpose or purposes by the Board of Managers or by any one or more Members owning or holding at least 10% of the voting Units outstanding at the time such meeting is called.

4.3. Place of Meetings. The Board of Managers may designate any place, either within or outside the State of Wisconsin, as the place of meeting for any meeting of the Members. If no designation is made in the notice of meeting, or if a meeting is otherwise called, the place of meeting shall be the principal office of the Company. Meetings of Members may be held in person or by use of any means of communication by which all Members participating in the meeting may simultaneously hear each other.

4.4. Notice of Meetings; Waiver of Notice. Written notice stating the place, day, and hour of the meeting of Members and the purpose or purposes for which the meeting is called shall be delivered no fewer than three days nor more than 60 days before the date of the meeting, either personally or by mail, by or at the direction of the Board of Managers or the Members calling the meeting, to each Member entitled to vote at the meeting. When any notice is required to be given to any Member, a waiver of the notice in writing signed by the Person entitled to the notice, whether before, at, or after the time stated therein, shall be equivalent to the giving of the notice. If all of the Members shall meet at any time and place, either within or outside of the State of Wisconsin, and consent to the holding of a meeting at that time and place,

then the meeting shall be valid without call or notice, and at the meeting any lawful action may be taken.

4.5. Record Date. For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment of the meeting or to make a determination of Members for any other purpose, the date on which notice of the meeting is mailed (or otherwise delivered) or the date on which the resolution declaring the distribution is adopted, as the case may be, shall be the record date for the determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this section, the determination shall apply to any adjournment of the meeting.

4.6. Quorum. Members owning or holding at least a majority of the Units outstanding and entitled to vote on the date of a meeting, represented in person or by proxy, shall constitute a quorum at any meeting of Members. In the absence of a quorum at any meeting of Members, Members holding a majority of the Units entitled to vote so represented may adjourn the meeting from time to time for a period not to exceed 60 days without further notice. However, if adjournment is for more than 60 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting. At an adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal during the meeting of that number of Members whose absence would cause less than a quorum.

4.7. Manner of Acting. The affirmative vote of Members owning or holding at least a majority of the Units outstanding at such time which are entitled to vote on the matter shall be the act of the Members, unless the vote of a greater or lesser proportion or number is otherwise required by the Act or by this Agreement. Unless otherwise expressly provided in this Agreement or required under applicable law, Members who have an interest (economic or otherwise) in the outcome of any particular matter upon which the Members vote or consent may vote or consent upon any such matter and their Units, vote or consent, as the case may be, shall be counted in the determination of whether the requisite matter was approved by the Members.

4.8. Proxies. At all meetings of Members, a Member may vote in person or by proxy executed in writing by the Member or by a duly authorized attorney-in-fact. The proxy shall be delivered to the other Members before or at the time of the meeting. No proxy shall be valid after 11 months from the date of its execution, unless otherwise provided in the proxy.

4.9. Action by Members Without a Meeting. Action required or permitted to be taken at a meeting of the Members may be taken without a meeting if: (a) the action is evidenced by a written consent describing the action taken; (b) the written consent is signed by Members owning or holding the number of Units that would be sufficient to take the action at a meeting of the Members at which all Units outstanding and entitled to vote on the matter were present and voted; and (c) the written consent is delivered to the Company for inclusion in the records of the Company. Action taken under this Section 4.9 is effective when the Company receives a copy of the consent signed by the requisite Members, unless the consent specifies a

different effective date. The Secretary shall promptly send written notice to each Member of any action taken by written consent pursuant to this Section 4.9.

## ARTICLE V MANAGEMENT

5.1. Generally. The business and affairs of the Company shall be directed, managed and controlled by its Board of Managers (the “**Board of Managers**”). Except as otherwise provided in this Agreement or by nonwaivable provisions of applicable law, the Board of Managers shall have authority, power and discretion to establish policies and procedures for the Company, to manage, direct and control the business, affairs and properties of the Company, to make all decisions regarding the same, and to perform any and all other acts or activities customary or incident to the Company’s business without obtaining the consent of the Members, including, but not limited to, directing the activities of any officers or employees of the Company, appointing and removing Persons from positions as officers of the Company and calling and holding meetings of the Members. The Board of Managers shall also have the power to adjust and set compensation for all officers and employees of the Company, including the advance distributions to Mr. Peddicord pursuant to Section 3.10. The Board of Managers shall only act collectively at meetings or by written consent in accordance with the terms of this Agreement. Unless authorized to do so by this Agreement or by the Board of Managers, no Member, Director, officer, employee, attorney-in-fact or other agent of the Company shall have any power or authority to bind the Company in any way, to pledge its credit or to render it liable for any purpose. Unless otherwise specified herein, it is intended that the Board of Managers of the Company have the same powers and duties as a business corporation’s Board of Directors. The Board of Managers shall be considered the “manager” of the Company as that term is defined under the Act.

5.2. Necessary Member Consents. Notwithstanding any other provision of this Agreement, neither the Board of Managers nor any Member, Director, officer, employee or agent of the Company shall have authority to take any of the following actions on behalf of the Company without obtaining the prior vote or written consent of Members owning a majority of the then outstanding voting Units:

- (a) Do any act which is in contravention of or inconsistent with this Agreement or any other agreement to which the Company is a party;
- (b) Do any act which would make it impossible to carry on the ordinary business of the Company, except in connection with a Dissolution Event;
- (c) Possess Company property or assign rights in specific Company property for other than a Company purpose;
- (d) Sell, assign, exchange, or otherwise dispose of (or enter into an agreement to dispose of) all or substantially all of the Company’s assets (whether by merger or otherwise), except for a disposition pursuant to this Agreement in connection with a Dissolution Event;
- (e) Convert the Company into another type of Entity;

- (f) Materially change the nature of the business or purpose of the Company;
- (g) Make any election for federal or state income tax purposes to classify the Company as an association taxable as a corporation;
- (h) Approve the issuance of additional Excluded Securities in excess of the amounts specified in Section 3.4(b); or
- (i) Confess a judgment against the Company.

5.3. Election of Directors; Eligibility. The Board of Managers shall consist of five Directors. Other than the appointment of the initial Directors as set forth below, the Directors shall be elected annually by majority vote of the Units, other than those Units designated as non-voting Units. Only an individual (and not an Entity) may serve as a Director. Directors need not be Members of the Company. Notwithstanding the foregoing, each Member agrees to nominate and vote for Mr. Peddicord to serve a Director as long as he is a Member of the Company. Directors shall serve until the earlier of their death, resignation or removal as provided in this Agreement. The initial Directors shall be:

- (a) Mr. Peddicord;
- (b) The three Members (other than Mr. Peddicord) who purchase the most Units issued as part of the Initial Raise, if they so desire to serve as a Director (and, if any such Members do not desire to serve as a Director, then the Member or Members who purchase the next highest amount of Units); and
- (c) An additional Director selected by the four other Directors.

The Directors may from time to time, or at any time, elect a Chairman from among them to serve as the chairman of all meetings of the Board of Managers and Members, including all activities and duties normally attendant and related thereto as a chairman of the board of a business corporation or as otherwise directed or requested by the Board of Managers.

5.4. Resignation. A Director may resign at any time by delivering written notice to the Company. The resignation of a Director who is also a Member shall not affect the Director's rights as a Member and shall not constitute a withdrawal of a Member.

5.5. Removal. All or any lesser number of Directors may be removed at any time, with or without cause, by a unanimous vote of all other Directors or by a majority vote of all then outstanding voting Units. The removal of a Director who is also a Member shall not affect the Director's rights as a Member and shall not constitute a withdrawal of a Member.

5.6. Vacancies. Any vacancy occurring in the Board of Managers, including a vacancy resulting from an increase in the number of Directors, shall be filled by the Members in accordance with Section 5.3.

5.7. Meetings. The Board of Managers shall meet from time to time as required to carry on the business and affairs of the Company. Upon request, all Members may

attend Board meetings at their own expense. Any Director may call a meeting of the Board of Managers. The Director calling the meeting may designate any place, either within or outside the State of Wisconsin, as the place of meeting for any meeting of the Board of Managers. Meetings of the Board of Managers may be held in person or by use of any means of communication by which all Directors participating in the meeting may simultaneously hear each other.

5.8. Quorum. A majority of the number of Directors then serving shall constitute a quorum for the transaction of business at any meeting of the Board of Managers.

5.9. Manner of Acting. The affirmative vote of a majority of the Directors then serving at a meeting of the Board of Managers at which a quorum is present shall be the act of the Board of Managers, except as otherwise required by the Act or by this Agreement. For this purpose each Director shall have one vote.

5.10. Notice; Waiver of Notice. Written notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called shall be delivered no fewer than two nor more than 30 days before the date of the meeting to each Director. Whenever any notice whatsoever is required to be given to any Director under this Agreement or the Act, a waiver thereof in writing, signed at any time, whether before or after the date and time of the meeting, by the Director entitled to such notice shall be deemed equivalent to the giving of such notice.

5.11. Action Without a Meeting. Any action required or permitted to be taken at a meeting of the Board of Managers may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, signed by a majority of the Directors then serving, and delivered to the Company for inclusion in the records of the Company.

5.12. Liability for Certain Acts. The Directors shall perform their duties in good faith, in a manner they reasonably believe to be in the best interests of the Company and with such care as an ordinarily prudent person in a like position would use under similar circumstances. A Director who so performs his or her duties to the Company shall not have any liability by reason of being or having been a Director. The Directors in their role as such shall not be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member, unless the loss or damage is the result of fraud, deceit, willful misconduct or wrongful taking by the Director.

5.13. No Exclusive Duty to Company. The Directors shall not be required to manage the Company as their sole and exclusive function and they may have other business interests and may engage in other activities in addition to those relating to the Company.

5.14. Delegation of Authority. The Board of Managers may, from time to time, delegate to one or more individuals (who need not be Members of the Company) such authority and duties as the Board of Managers may deem advisable to carry out the day-to-day business of the Company and may enter into contracts with such individuals for such purpose. In addition, the Board of Managers may, from time to time, assign titles (including chief executive officer,

president, vice president, secretary and treasurer) to any such individuals selected by the Board of Managers. Unless the Board of Managers specifies otherwise, if the title is one commonly used for officers of a business corporation, then the assignment of such title shall constitute the delegation of the authority and duties that are normally associated with that office, subject to any specific delegation of authority and duties made pursuant to this section or as otherwise determined or directed by the Board of Managers or any senior officer. Any number of titles may be held by the same individual. Any delegation pursuant to this section may be revoked or modified at any time by the Board of Managers. A delegation of authority pursuant to this section, or the assignment of a title pursuant to this section, shall not, of itself, create any contract or employment rights. The initial officer of the Company shall be Herschel "Buzz" Peddicord, as Chief Executive Officer and President, with such duties and responsibilities normally associated with such positions at a business corporation, or as otherwise may be determined or directed by the Board of Managers. For purposes of executing this Agreement and documenting the Capital Contributions of the Members, the President shall be authorized to sign on behalf of the Company.

5.15. Execution of Documents. Any one or more of the authorized officers of the Company may execute documents or instruments on behalf of the Company, including but not limited to agreements, contracts, checks, drafts, mortgages, leases, deeds and bills of sale. This Section 5.15 relates only to the execution of documents or instruments on behalf of the Company. Any approval required for such documents or instruments, or the transactions contemplated therein, shall be governed by other sections of this Agreement.

5.16. Reliance. Any Person dealing with the Company may rely on the authority of any officer in taking any action that is in the name of the Company without inquiry into the provisions of this Agreement or compliance therewith.

5.17. Indemnity of the Directors, Employees and Other Agents. The Company shall, to the maximum extent permitted or required by law, indemnify, defend and hold harmless any Director, officers, employees and other agents (each, an "Actor"), to the extent of the Company's assets, for, from and against any liability, damage, cost, expense, loss, claim or judgment incurred by the Actor arising out of any claim based upon acts performed or omitted to be performed by the Company, its Members, its Directors or any of its or their officers, employees or agents in connection with the business of the Company acting in capacity as a Director, officer, employee or agent of the Company, including without limitation, attorneys' fees and costs incurred by the Actor in settlement or defense of such claims. Notwithstanding the foregoing, no Actor shall be so indemnified, defended, or held harmless for claims based upon his, her or its acts or omissions in breach of this Agreement or which constitute: (a) a willful failure to deal fairly with the Company or its Members in connection with a matter in which the Actor has a material conflict of interest; (b) a violation of a criminal law (unless the Actor had reasonable cause to believe that the Person's conduct was lawful or no reasonable cause to believe that the conduct was unlawful); (c) a transaction from which the Actor derived an improper personal profit; or (d) willful misconduct. Amounts incurred by an Actor in connection with any action or suit arising out of or in connection with Company affairs shall be reimbursed by the Company if such action or suit arises in a matter for which indemnification is available under this Section 5.17 (provided that the Company shall in all events advance expenses of defense, but only if the Actor undertakes in writing to repay the advanced funds to

the Company if the Actor is finally determined by a court of competent jurisdiction not to be entitled to indemnification pursuant to the provisions of this Section).

## ARTICLE VI ALLOCATIONS

6.1. Allocations of Net Profits and Net Losses. Except as provided in Section 6.2, the Net Profits and Net Losses of the Company for each Fiscal Year will be allocated to the Members in such manner that the Capital Account balance of each Member shall, to the greatest extent possible, be equal to the amount, positive or negative, that would be distributed to such Member (in the case of a positive amount) or for which such Member would be liable to the Company under this Agreement (in the case of a negative amount), if (i) the Company were to sell all of its assets for their respective Values, (ii) all Company liabilities were satisfied (limited with respect to each nonrecourse liability to the Values of the assets securing such liability), (iii) the Company were to distribute the proceeds of sale pursuant to Section 7.3 and (iv) the Company were to dissolve pursuant to Section 12.3, after subtracting for this purpose each such Member's share of partnership minimum gain or partner minimum gain, computed immediately prior to the hypothetical sale of assets.

6.2. Special Allocation of Net Profits and Net Losses and Items Thereof. The special allocations set forth below shall supersede the allocations of Net Profits and Net Losses under Section 6.1:

(a) The following provisions of the Treasury Regulations promulgated under Code § 704, as they may be amended from time to time, shall be applied in allocating Net Profits and Net Losses hereunder: (i) § 1.704-2(f) (minimum gain chargeback); (ii) § 1.704-2(i)(4) (partner minimum gain chargeback); and (iii) § 1.704-1(b)(2)(ii)(d) (qualified income offset).

(b) Member nonrecourse deductions shall be allocated among the Members as required in Treas. Reg. § 1.704-2(i)(1) in accordance with the manner in which the Member or Members bear the burden of an economic loss corresponding to the Member nonrecourse deductions.

(c) Nonrecourse deductions (other than Member recourse deductions) shall be allocated among the Members in proportion to the Units owned by each Member.

(d) In the event of the liquidation of the Company pursuant to Section 7.3, the Company shall make a special allocation of gross income, gain, loss or deduction in manner and to the extent necessary to cause the Capital Account balance of each Member, after the allocation of all other items of Net Income or Net Loss, to equal the amount each Member is entitled to receive as a distribution pursuant to Section 7.3 immediately prior to such distributions.

6.3. Special Tax Allocations.

(a) In accordance with Code § 704(c) and the Treasury Regulations thereunder, income, gain, loss and deduction with respect to any property contributed to

the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take into account any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial Value (computed in accordance with Part (i) of the definition of the term "Value"). In the event the Value of any Company property is adjusted pursuant to Part (ii) of the definition of the term "Value", subsequent allocations of income, gain, loss and deduction with respect to such asset shall take into account any variation between the adjusted basis of such asset for federal income tax purposes and its Value in the same manner as under Code § 704(c) and the Treasury Regulations thereunder. Any elections or other decisions relating to such allocations shall be made by the Board of Managers in any manner permitted under the Code and the Treasury Regulations, provided such method is consistent with the "traditional method" as described in Treas. Reg. § 1.704(3)(b). Allocations pursuant to this Section 6.3(a) are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing any Member's Capital Account or share of Net Profits, Net Losses or other items, or distributions pursuant to any provision of this Agreement.

(b) In the event that the Company has taxable income that is characterized as ordinary income under the recapture provisions of the Code, each Member's distributive share of taxable gain or loss from the sale of Company assets (to the extent possible) shall include a proportionate share of this recapture income equal to that Member's share of prior cumulative depreciation deductions with respect to the assets which gave rise to the recapture income.

#### 6.4. Other.

(a) Allocations Binding. The Members are aware of the income tax consequences of the allocation made in this Article VI and agree to be bound by the provision of this Agreement in reporting their share of Company income and loss for income tax purposes.

(b) Interpretation. The provisions of Article VI (and other related provisions of this Agreement) pertaining to the allocation of items of Company income, gain, loss, deductions, and credits shall be interpreted consistently with the Treasury Regulations, and to the extent unintentionally inconsistent with the Treasury Regulations, shall be deemed to be modified to the extent necessary to make such provisions consistent with the Treasury Regulations.

(c) Compensatory Options. In the event any person exercises an option to purchase Units issued to any Member, Director, employee, or independent contractor in connection with the performance of services to the Company, then, upon exercise, the Company will report as compensation income to such person the difference between the exercise price of such option and the initial Capital Account balance attributable to such Units. The Company will claim a compensation deduction for such amount (which will otherwise reduce Net Profits or increase Net Losses for the fiscal period).

(d) Non-Compensatory Option or Warrant. Upon the exercise of any option or warrant of the Company (including any Significant Investor Warrant), other than an option or warrant described in Section 6.4(c), the Company shall: (i) adjust the Value of all Company assets immediately after the exercise; (ii) credit the Capital Account of the exercising Member(s) for the amount paid to the Company, if any, for the option or warrant exercised plus the exercise price of that option or warrant, (iii) allocate any unrealized income, gain, loss, or deduction in Company assets to the exercising Member to the extent necessary to reflect that Member's right to share in the Company's capital under this Agreement pursuant to the terms of the option or warrant, and (iv) allocate any remaining unrealized income, gain, loss or deduction to the existing Members, to reflect the manner in which unrealized income, gain, loss or deduction in Company property would be allocated among the Members if there were a taxable disposition of such property for its fair market value on that date.

## ARTICLE VII DISTRIBUTIONS

### 7.1. Tax Distributions.

(a) In General. The Company shall make reasonable efforts to distribute to its Members cash in an amount equal to the difference between (x) the product of the Company's Taxable Income (as defined below) and the Tax Rate (also as defined below) and (y) any Tax Credits (also as defined below) (the "**Annual Tax Distribution**").

### (b) Definitions.

(i) The "**Company's Taxable Income**" shall be determined in accordance with Code § 703(a) (for this purpose, all items of taxable income, gain, loss or deduction required to be stated separately pursuant to Code § 703(a)(1) shall be included in taxable income). If the Company's Taxable Income is negative (*i.e.*, a net loss) no Annual Tax Distribution shall be made for such year and, for purposes of computing the Company's Taxable Income, shall be deemed to be nondeductible and shall carry forward to future taxable years and shall offset future items of taxable income and gain consistent with the principles of Code §§ 469 and 1212(b).

(ii) The "**Tax Rate**" shall be equal to the highest stated combined federal and state tax rate applicable to the allocable share of the Company's Taxable Income, taking into account the character of each separately stated item of taxable income, gain, loss, and deduction and taking into account the federal income tax benefit for the state taxes (on an accrual basis) on such items, for an individual filing a tax return in the State of Wisconsin.

(iii) "**Tax Credits**" are the sum of any federal and state income tax credits which the Company is able to allocate to its Members.

(c) Installments. The Company shall make each Annual Tax Distribution in five installments. The first four installments shall be computed quarterly consistent with the principles of Code § 6654(d)(2)(B) and using a good faith estimate of the Tax Rate. Such installments shall be paid on or before April 15, June 15, and September 15 for the fiscal year and on the January 15 immediately following such fiscal year. The final installment shall be computed using the Company's Taxable Income, Tax Rates and Tax Credits as finally computed for such fiscal year and shall take into account the four prior installments. The excess of the Annual Tax Distribution as finally computed over the cumulative amount of the four quarterly estimates shall be distributed on or before April 15 of the year following such fiscal year. In the event the cumulative amount of the four quarterly estimates are in excess of the Annual Tax Distribution as finally computed, such excess shall reduce subsequent required Annual Tax Distributions (and shall reduce the first subsequent quarterly installment and each quarterly installment thereafter, as necessary).

(d) Tax Audits. In the event of a tax audit of the Company, the Annual Tax Distribution shall be recomputed when such audit becomes final. Such recomputed Annual Tax Distribution shall be compared to the Annual Tax Distribution as originally computed and any difference shall either be distributed to the Members (with an appropriate amount for interest and penalties on such additional amount) as an additional Annual Tax Distribution within 30 days of the audit becoming final or be taken into account when computing subsequent Annual Tax Distributions (e.g., in the case where the Company's Taxable Income is reduced) and installments thereof.

(e) Allocations Between Members. The Annual Tax Distribution (and each installment thereof) shall be distributed to the Members pro rata in accordance with each Member's allocable share of the Company's Taxable Income and applying the same principles set forth in Article VI. Each Annual Tax Distribution shall be treated as an interest free advance of amounts to be distributed to such Member pursuant to Sections 7.2 or 7.3. The Company's sole recourse with respect to such advances shall be a reduction in the distributions to be made to such Member pursuant to Sections 7.2 or 7.3 and the procedure described in Section 3.12.

7.2. Cash Flow Distributions. From time to time the Board of Managers may determine the amount of cash or other property of the Company that is not needed for: (i) the operation of the Company; (ii) Reserves; or (iii) the future expansion or growth of the business of the Company. To the extent permitted by law, such amount shall be distributed to the Members (a "**Cash Flow Distribution**") annually or more frequently, as determined by the Board of Managers. Each Cash Flow Distribution shall be paid to the Members in proportion to the number of Units owned by each Member on the date of the declaration of the Cash Flow Distribution. Amounts to be distributed to a Member pursuant to this Section 7.2 shall be reduced by the amount of any amounts previously advanced to such Member pursuant to Section 3.10 or 7.1 that have not been previously offset.

7.3. Final Liquidating Distributions. Distributions upon the final liquidation of the Company (as defined in Treas. Reg. § 1.704-1(b)(2)(ii)(g)), as determined by the Board of Managers, shall be made to the Members in proportion to the Units outstanding. Amounts to be

distributed to a Member pursuant to this Section 7.3 shall be reduced by the amount of any amounts previously advanced to such Member pursuant to Section 3.10 or 7.1 that have not been previously offset.

7.4. Deemed Liquidation. In the event the Company is liquidated within the meaning of Treas. Reg. § 1.704-1(b)(2)(ii)(g) but no Dissolution Event has occurred, the Company's assets shall not be liquidated and the Company's business shall not be wound up. Instead, solely for federal income tax purposes, the Company shall be deemed to have contributed all its assets and liabilities to a new limited liability company in exchange for an interest in such new limited liability company and, immediately thereafter, the Company shall be deemed to liquidate by distributing interests in the new limited liability company to the Members.

7.5. Amounts Withheld. All amounts withheld (or paid on behalf of a Member) pursuant to the Code or any provision of any foreign, state or local tax law with respect to any payment or distribution to a Member, or with respect to a Member's share of Company income, shall be treated as amounts distributed to the Member pursuant to this Article VII for all purposes under this Agreement and shall be taken into account in computing any required Annual Tax Distribution pursuant to Section 7.1 or other distribution under Section 7.2, as the case may be.

7.6. Limitation Upon Distributions. Notwithstanding any other provision contained herein to the contrary, no distributions may be declared and made if, after giving effect to such distributions, any of the following would occur: (a) the Company would not be able to pay its debts as they become due in the usual course of business; (b) the Company's total assets would be less than its total liabilities; or (c) such distribution would otherwise be in violation of the Act.

## **ARTICLE VIII ACCOUNTING AND CERTAIN TAX MATTERS**

8.1. Capital Accounts. A separate Capital Account shall be maintained and adjusted for each Member for each class of Units on the books and records of the Company in accordance with the Code and the Treasury Regulations.

(a) Increase. To each Member's Capital Account there shall be credited the amount of any cash and the Value of any property contributed by such Member to the Company, such Member's distributive share of Net Profits and any other items in the nature of income or gain that are allocated pursuant to Article VI, and the amount of any Company liabilities that are assumed by such Member or that are secured by any Company property distributed to such Member.

(b) Decrease. To each Member's Capital Account there shall be debited the amount of cash and the Value of any Company property distributed to such Member pursuant to any provision of this Agreement, such Member's distributive share of Net Losses and any other items in the nature of expenses or losses that are specially allocated pursuant to Article VI, and the amount of any liabilities of such Member that are assumed

by the Company or that are secured by any property contributed by such Member to the Company.

(c) Transfers. In the event any interest in the Company is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest.

(d) Interpretation. The manner in which Capital Accounts are to be maintained pursuant to this Section 8.1 is intended to and shall be construed so as to comply with the requirements of Code § 704(b) and the Treasury Regulations promulgated thereunder.

8.2. Accounting Period. The Company's "Fiscal Year" shall be the calendar year.

8.3. Records. Upon reasonable request, each Member, or such Member's representative, at the Member's own expense, may inspect and copy, during ordinary business hours, only the following records, unless additional records shall be made available by the Board of Managers, in its discretion: (i) a list, kept in alphabetical order, of each past and present Member and Director, and the list shall include the full name and last-known mailing address of each Member and Director, the date on which the Person became a Member or Manager and the date, if applicable, on which the Person ceased to be a Member or Director; (ii) a copy of the Articles of Organization and all amendments thereto; (iii) copies of the Company's federal, state and local income or franchise tax returns and financial statements, if any, for the four (4) most recent years or, if such returns and statements are not prepared for any reason, copies of the information and statements that have been, or should have been, provided to the Members to enable them to prepare their federal, state and local income tax returns for the four (4) most recent years; (iv) a copy of this Agreement, all amendments to this Agreement and any operating agreement no longer in effect; and (v) a copy of the value of each Member's contribution made to the Company if not already listed in this Agreement.

8.4. Reports. The Company shall prepare and provide the Initial Members (i) annual reviewed financial statements including a management discussion and analysis; (ii) quarterly unaudited financial statements and a management discussion and analysis; (iii) annual budgets/forecasts; (iv) monthly management updates; and (v) for a proper purpose, open inspection rights of the Company's books and records. The Members will also receive all information required for the preparation of tax returns, within 90 days after the close of each Fiscal Year.

8.5. Tax Matters Person. The designated tax matters partner of the company, as provided in Treasury Regulations under Code § 6231 (the "Tax Matters Person") shall be Herschel "Buzz" Peddicord, unless and until removed and replaced by the Board of Managers. Each Member by the execution of this Agreement consents to such designation of the Tax Matters Person and agrees to execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be necessary or appropriate to evidence such consent. The Company shall indemnify and reimburse the Tax Matters Person for all expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in

connection with the exercise of the duties of the Tax Matters Person. The payment of all such expenses shall be made before any distributions are made of net profits or any Reserves are set aside by the Members. The taking of any action and the incurring of any expense by the Tax Matters Person in connection with any such proceeding, except to the extent required by law, is a matter in the sole discretion of the Tax Matters Person.

8.6. Tax Elections and Financial Adjustments. In the event of any Transfer of Units permitted under this Agreement, including the issuance of new Units, the Board of Managers may, in its sole discretion, close the Company books (as though the Company's tax year had ended) or make pro rata allocations of Net Profits and Net Losses reflecting the differing Units of the Members in the Company for the year of transfer in any manner in accordance with the provisions of Code § 706(d) and the related Treasury Regulations. In addition, the Board of Managers may cause the Company to file an election under Code § 754 to adjust the tax basis of the Company's assets in the event of a transfer of Units or a distribution of the Company's property in accordance with the provisions of this Agreement. Except as otherwise expressly provided in this Agreement, the Board of Managers shall make or cause the Company to make, in its sole discretion, all other elections and other determinations for federal, state, local and foreign tax purposes, or otherwise, and the extension of any period of limitations for assessment of tax deficiencies with respect to the Company's federal, state or other tax returns.

#### ARTICLE IX TRANSFERABILITY

##### 9.1. Restrictions on Transfer.

(a) General Restriction of Membership Interests. No Member shall sell, assign, transfer, pledge, encumber or otherwise dispose of, or permit to be sold, assigned, transferred, pledged, encumbered or otherwise disposed of, either voluntarily, by operation of law or otherwise, all or any part of such Member's Membership Interest or Units (collectively, "**Transfer**"), except as otherwise permitted by this Agreement. Any Transfer not in accordance with the terms of this Agreement is null and void, ab initio.

(b) No Membership. In the event any portion of a Membership Interest or Unit Transfer pursuant to a Member's death or any event described in Section 9.5, the Person receiving such Membership Interests or Units ("**Transferee**") shall only receive that share of the allocations under Article VI, distributions, Capital Account and returns of contributions to which the Transferor of such Membership Interest or Unit would have otherwise been entitled to receive, until the Transferee becomes a Member. Prior to becoming a Member, the Transferee has no right to vote or participate in the management of the business and affairs of the Company. Until the Transferee becomes a Member, the Transferor of such Membership Interests or Units remains a Member of the Company with all rights to vote and manage as set forth in this Agreement. A Transferee shall, however, be included within the term "Member" for all purposes of Article IX and Article X. A Transferee only becomes a Member (i) after the expiration (or waiver) of all applicable options to purchase under Sections 9.3 and 9.4 to purchase such Units, and (ii) by the Transferee complying with the provisions of Sections 3.4 and 9.2(b).

9.2. Permitted Transfers.

(a) Generally. A Member may Transfer any or all of his, her or its Units as provided by this Section 9.2 (a “**Permitted Transfer**”) to a Permitted Transferee if the provisions in Sections 3.4 and 9.2(b) to become a Member are satisfied.

(b) Opinion of Counsel. The Units have not been registered under the Securities Act of 1933, as amended, or the securities or “Blue Sky” laws of any state or jurisdiction. The Board of Managers may require that the transferring Member (“**Transferor**”) deliver to the Company an opinion of counsel stating that (i) registration is not required under applicable securities law, (ii) all of the provisions of this Agreement have been complied with, and (iii) such Transfer of Units, together with all other Transfers of Units within the preceding twelve months, will not result in the termination of the Company pursuant to Code § 708.

9.3. Rights of First Refusal. If any Member desires to Transfer any Unit(s), other than to a Permitted Transferee, or if by reason of a Member’s death or dissolution, as applicable, before all or a portion of such Member’s Units may pass to a party that is not a Permitted Transferee, the Company and the other Members shall have an option to purchase all, but not less than all, such Units, as provided in Article X. With regard to Units subject to the option to purchase, a Member’s estate shall be under the same obligation to sell or to offer to sell such Units in the same manner and upon the same terms and conditions as a Member under Article X. A Member may not voluntarily Transfer Units except in accordance with Section 10.8.

9.4. Bankruptcy; Certain Involuntary Transfers; Defaults. If any Member at any time during the period of ownership of any Units becomes bankrupt or insolvent, or files any debtor proceedings, or takes or has taken against such Member any proceeding of any kind under any provisions of any applicable bankruptcy or insolvency law seeking any readjustment, rearrangement, composition, postponement or reduction of debts, liabilities or obligations (in the case of an involuntary proceeding, which is not dismissed or removed within 60 days), or is subject to any Transfer of any interest in Units by operation of law (subject to Section 9.5), or commits any breach of the agreements or provisions contained in this Agreement (the occurrence of any such event being referred to as a “**Default**”), then the Company and the other Members shall have the option to purchase all or any portion of the Units owned by such Member in Default, as provided in Article X. Such purchase option will be only one non-exclusive remedy for such Default, without prejudice to any other right or remedy that the Company or any other Member may have under law or pursuant to this Agreement.

9.5. Marital Property. For purposes of this Agreement, all references to Units owned or held by a Member shall include, without limitation, all interests in Units now owned or hereafter acquired by a spouse of such Member (the “**Spouse**”) as marital property or pursuant to the Spouse’s elective rights to deferred marital property or to an augmented marital property estate. The creation of an interest in the Units in the Spouse by operation of marital property or community property laws (e.g., by reason of reclassification by agreement between the Member and the Member’s Spouse or because the Member acquires a portion or all of the Member’s interest in exchange for property that is classified as marital property or community property)

during such Member's lifetime shall not be deemed to be a Transfer of the Units or any portion thereof for purposes of this Article IX so long as (a) the Units in which such interest is created continue to be registered on the books and records of the Company solely in the name of such Member and (b) such Member maintains full management and control rights with respect to such Units; provided, however, that if either of the foregoing conditions shall cease to be satisfied, then such Member, the Company and the other Members shall have the option to purchase such Spouse's interest in the Units in the sequence and manner and upon the same terms and conditions as specified in Section 9.6 as if the marital relationship of such Member and such Member's Spouse had been terminated. During the marriage of a Member, such Member's obligation to sell or offer to sell Units pursuant to this Agreement shall include an obligation on the part of such Member's Spouse to sell or offer to sell any interest of such Spouse in the Units in the same manner and upon the same terms and conditions.

9.6. Termination of a Marriage of a Member. Upon the termination of the marriage of a Member, whether by death of such Member's Spouse or by divorce, if such Member does not succeed to all of the marital property or other interest of such Member's Spouse in the Units, then such Member shall have the right to purchase such interest from such Member's Spouse or the personal representative of such Spouse's estate, as the case may be, on the terms provided in Section 10.3, or as otherwise agreed by such parties. If such Member desires to exercise this purchase option, then such Member shall give written notice of such exercise to such Member's Spouse or such Member's Spouse's estate, as the case may be. If such Member fails to exercise such right to purchase within 30 days of the date of termination of such Member's marriage, then the Company and the other Members shall have an option to purchase such Spouse's interest in such Units, as provided in Article X. With regard to Units subject to the option to purchase, such a Spouse or a Spouse's estate shall be under the same obligation to sell or to offer to sell such Units in the same manner and upon the same terms and conditions as a Member under Article X.

9.7. Sales to Competitors Prohibited. Notwithstanding the provisions of this Article IX to any proposed Transfer to any individual or entity deemed by the Board of Mangers to be a competitor of the Company shall be prohibited.

## ARTICLE X OPTIONS TO PURCHASE

10.1. General. Any purchase option for which provision is made in Article IX shall be governed by the following provisions of this Article X.

10.2. Terms of Purchase (Third Party Offer). If the Member holding Units subject to a purchase option governed by this Article X has received a Third Party Offer for the Units that such Member desires to accept, then such Member shall: (a) deliver to the Company and to the other Members a copy of the Third Party Offer and, if not specified in the Third Party Offer, the following information: (i) the name and address of the proposed transferee(s), (ii) the number of Units to be transferred, and (iii) the proposed purchase price, form of consideration and the other terms of the proposed transfer; and (b) offer to sell such Units to the Company and to the other Members, in accordance with the following provisions of this Article X, at the price, form of consideration and on the other terms contained in the Third Party Offer.

10.3. Terms of Purchase (No Third Party Offer). If the Member holding Units subject to a purchase option governed by this Article X has not received a Third Party Offer for the Units, then such Member shall immediately notify the Company and the other Members of the triggering of the purchase option and shall offer to sell such Units to the Company and other Members, in accordance with the following provisions of this Article X, at the Determined Value.

(a) Determined Value. The “**Determined Value**” shall mean the amount the Member would receive for the Units to be sold if, on the date of the event causing the triggering of the option (the “**Determination Date**”), (i) the Company’s assets had been sold, along with the assumption of all known and unknown liabilities (fixed or contingent) of the Company, to an unrelated buyer at a price equal to the Company Value, and (ii) the Company had liquidated, and had distributed the proceeds of such sale in accordance with Section 11.3.

(b) Company Value. The “**Company Value**” means the amount of cash, as of the Determination Date, which a willing purchaser would pay and a willing seller would accept for all of the assets of the Company, as a going concern, in addition to the assumption of all known and unknown liabilities (fixed or contingent) of the Company, both the seller and the purchaser being informed of all relevant facts and neither being under a compulsion to purchase or sell. Applicable discounts for minority interests in the Company and lack of marketability of the Units shall be taken into account in determining the Company Value.

(c) Determination of Company Value. The purchaser and selling Member shall have 30 days from the date a purchaser sets forth his, her or its intent to purchase the selling Member’s interest to determine a mutually agreed upon Company Value. If the purchaser and selling Member cannot mutually agree on the Company Value, then the purchaser and the selling Member shall select an appraiser that is experienced in valuing companies engaged in businesses similar to the Company to act as an independent expert appraiser, and such appraiser shall determine the Company Value. The purchaser and selling Member shall each pay one-half the fees and costs of such appraiser. If either the purchaser or selling Member objects to the Company Value (as determined by such appraiser), then each party shall select their own independent expert appraiser which shall endeavor to agree upon the Company Value. The Company Value shall be the amount to which any two of the three appraisers agree. If within 30 days after the selection of the last of the three appraisers, no two appraisers can agree to the Company Value, then each appraiser shall notify the parties of the amount that such appraiser has determined to be the Company Value, and the Company Value shall be the average of the two of such amounts that are the closest together, or the average of all three if the amounts are equally spaced. In the event a party fails to select his, her or its appraiser within 20 days of receipt of notice by the other party requesting the selection of an appraiser, the decision by the appraiser selected by the party who gave such notice shall be the Company Value. The purchaser and the selling Member shall each pay all of the fees and costs of the appraiser selected by such party. In the event that a party fails to select an appraiser, such party shall pay one-half of the reasonable fees and costs of the appraiser selected by the other party. In the event the purchaser is the Company, then the selection of any

appraiser on behalf of the Company shall be by approval of Members owning more than 50% of the Units that are not subject to the option exercised.

(d) Payment of Determined Value. The Determined Value shall be paid as follows: (i) 25% of the Determined Value shall be paid in cash at Closing (payable by check which clears in the ordinary course or in other immediately available funds), and (ii) the balance of the Determined Value shall be evidenced by a promissory note of the Company or the purchasing other Members, as the case may be, in a form acceptable to the then current counsel for the Company, providing for three (3) equal annual installments of principal and interest, beginning on the first anniversary of the date of Closing, with interest at the Applicable Federal Rate on the date of Closing. Any such promissory note shall be secured only by the Units purchased, shall be otherwise fully subordinated to any current or future indebtedness for borrowed money by the Company and shall allow for prepayment by the Company in whole or in part at any time, or from time to time, without premium or penalty.

10.4. Company's Purchase Option. For a period of 30 days following receipt of the items specified in Section 10.2, or the written notice specified in Section 10.3, as the case may be, the Company shall have the option to purchase the Units subject to the purchase option on the terms and conditions specified in Section 10.2 or Section 10.3, as applicable. The Company shall give the selling Member written notice if it chooses to exercise its purchase option.

10.5. Significant Investors' Purchase Option. If, or to the extent that, the Company does not exercise its purchase option under Section 10.4 above within the 30-day period specified therein, then the Significant Investors (other than the selling Member) shall have the option to purchase, as provided under Section 10.2 or 10.3 above, any such Units not purchased by the Company by the end of its 30-day option period for an additional 30-day period. In the event that one or more Significant Investors exercise their purchase options under this Section 10.5, each exercising Significant Investor shall have the option to purchase a proportionate number of the Units to be purchased under this Section 10.5 based on a fraction, the numerator of which is the number of Units owned by such Significant Investor and the denominator of which is the total number of Units owned by all Significant Investors exercising the purchase option under this Section 10.5. Should any of the Significant Investors (other than the selling Member) fail to purchase all of the Units to which that Significant Investor is entitled under this Section 10.5, each other such Significant Investor shall have the option to purchase a proportionate number of those unpurchased Units based on a fraction, the numerator of which is the number of Units owned by such Significant Investor and the denominator of which is the total number of Units owned by all Significant Investors still willing to exercise their purchase options under this Section 10.5.

10.6. Closing. The consummation of any purchase and sale contemplated by this Article X is referred to as the "Closing." The Closing shall take place at a place, date and time as the parties shall agree. If the parties cannot so agree, the Closing shall take place at the Company's principal business office on the 30th day following the expiration of the option period at 10:00 a.m. For this purpose, the expiration of the option period shall be deemed to occur at the end of the 60-day combined option period under Sections 10.4 and 10.5 or on the

date written notice is given to the selling Member of exercise of the option to purchase all Units offered for sale by the selling Member, whichever is earlier. If such day is a Saturday, Sunday or national holiday, then the Closing shall take place on the next succeeding business day. In addition to any other documents required to be delivered by the parties at such Closing, the selling Member shall execute a full and complete general release of all claims and liabilities of the Company, its Directors, officers, employees and the other Members (other than the Company's obligations to pay the purchase price for such Units).

10.7. Effect of Purchase of Member's Units. A Member shall cease to be a Member upon the election by the Company or other Members to purchase all of the Member's Units pursuant to Section 10.4 or 10.5, and the former Member shall have no rights as a Member during any period the Company or the other Members are making payments under any promissory note given as part of the purchase price for the former Member's Units. Any distributions to be paid after the election to purchase all of a Member's Units pursuant to Section 10.4 or 10.5, but before the Closing, shall be paid: (a) to the purchaser(s), if the Closing takes place, or (b) to the selling Member, if the Closing does not take place.

10.8. Permitted Transfers After Option Period.

(a) Significant Investor Option. If, or to the extent that, the Company and the Significant Investors do not exercise the options to purchase all of the Units subject to a purchase option governed by this Article X during the 60-day combined option period under Sections 10.4 and 10.5, then the Transferor and any Significant Investors shall have the option to sell their Units under the terms put forth by the Transferor in the proposed Transfer (under the terms of the Third Party Offer or Section 10.3), but subject to Sections 3.4 and 9.2(b). In the event that one or more Significant Investors and the Transferor exercise their sale options under this Section 10.8, each Significant Investor and the Transferor shall have the option to sell a proportionate number of the Units to be sold based on a fraction, the numerator of which is the number of Units owned by Significant Investors (or by the Transferor) and the denominator of which is the total number of Units owned by all Significant Investors and the Transferor exercising the option under this Section 10.8. Should any of the Significant Investors fail to sell the number of Units to which a Significant Investor is entitled to sell under this Section 10.8, all other such Significant Investors shall have the option to sell a proportionate number of Units based upon a fraction, the numerator of which is the number of Units owned by such Significant Investor and the denominator of which is the total number of Units owned by the Transferor and any Significant Investors willing to exercise their sale option under this Section 10.8. To the extent Significant Investors are unwilling to sell shares pursuant to the terms the offer, the Transferor may Transfer such Units subject to the terms of this Agreement.

(b) Transfer Restricted to the Third-Party Offer Received. If, or to the extent that, the selling Member does not Transfer such Units during such 30-day period pursuant to the Third Party Offer, then a new offer shall be made to the Company and the other Members and the provisions of this Article X shall apply again to any such untransferred Units before any Transfer of such Units by the selling Member to any third party (other than a Permitted Transferee).

**ARTICLE XI  
DISSOLUTION AND TERMINATION**

11.1. Dissolution. The Company shall be dissolved upon the occurrence of any of the following events (each, a “**Dissolution Event**”):

- (a) A written agreement to dissolve is signed by Members owning or holding at least 75% of the Units outstanding at such time; or
- (b) Upon the judicial dissolution of the Company pursuant to Section 183.0902 of the Act.
- (c) Notwithstanding any provision of the Act, the Company shall not dissolve prior to the occurrence of a Dissolution Event.

11.2. Effect of Dissolution. Upon an event of dissolution, the Company shall cease to carry on its business, except insofar as may be necessary for the winding up of its business, but its separate existence shall continue until the activities set forth in Section 11.3 have been completed. As soon as possible following the occurrence of any of the events specified in Section 11.1 effecting the dissolution of the Company, the appropriate representative of the Company shall execute articles of dissolution in such form as shall be prescribed by the Act and file the same with the Department.

11.3. Liquidation. Upon dissolution, an accounting shall be made of the accounts of the Company and of the Company’s assets, liabilities and operations, from the date of the last previous accounting until the date of dissolution. If the Company is dissolved and its affairs are to be wound up, the Board of Managers shall:

- (a) Sell or otherwise liquidate all of the Company’s assets as promptly as is consistent with obtaining fair value for them;
- (b) Allocate any Net Profits or Net Losses resulting from such sales to the Members in accordance with Article VI;
- (c) Discharge all liabilities of the Company, including liabilities to Members who are creditors, to the extent otherwise permitted by law, other than for distributions, and establish such reserves as may be reasonably necessary to provide for contingencies or liabilities of the Company (for purposes of determining the Capital Accounts of the Members, the amounts of such reserves shall be deemed to be an expense of the Company); and
- (d) Distribute the remaining assets to the Members, either in cash or in kind, as determined by the Board of Managers, in accordance with the provisions of Section 7.3.

11.4. Distribution In Kind. If any assets of the Company are to be distributed in kind, the net fair market value of those assets as of the date of dissolution shall be determined by independent appraisal or by agreement of the Members. Those assets shall be deemed to have

been sold as of the date of dissolution for their fair market value, and any deemed Net Profits or Net Losses shall be allocated in accordance with the provisions of Article VI to reflect such deemed sale.

11.5. Deficit Capital Account Balance. Notwithstanding anything contained in this Agreement to the contrary, upon a liquidation, within the meaning of Treas. Reg. § 1.704-1(b)(2)(ii)(g), if any Member has a deficit balance in the Member's capital account (after giving effect to all contributions, distributions, allocations, and other capital account adjustments for all taxable years, including the year during which such liquidation occurs), the Member shall have no obligation to make any capital contribution to reduce or eliminate such deficit balance, and the deficit balance of the Member's capital account shall not be considered a debt owed by the Member to the Company or to any other Person for any purpose whatsoever.

11.6. Return of Contribution; Nonrecourse to Other Members. Except as provided by law or as expressly provided in this Agreement, upon dissolution, each Member shall look solely to the assets of the Company for the return of such Member's capital contribution. If the Company property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the capital contribution of one or more Members, then no Member shall have recourse against any other Member.

11.7. Termination. The Company shall terminate when all assets of the Company have been sold and/or distributed and all affairs of the Company have been wound up.

11.8. Consequences of Termination. Upon the termination of the Company pursuant to Section 11.7, all rights and obligations under this Agreement shall forthwith terminate; provided, however, that all claims of any Member against another Member for damages arising out of acts or omissions of the other Member outside the scope of, or in breach of, this Agreement shall not be affected by termination of the Company.

## ARTICLE XII SALE OF THE COMPANY

12.1. Drag-Along Rights. If, at any time following approval of the Board of Managers, any Member or group of Members constituting a majority of the Units then outstanding (the "**Selling Members**") desire to Transfer any Units in a *bona fide arms'* length transaction (or a series of related *bona fide arms'* length transactions) or similar transaction structured as a merger, reorganization or otherwise that would result in one or more parties other than the then current Members owning more than fifty (50%) of the equity interests of the resulting Entity, then, at the Selling Members' discretion and subject to this Section 12.1, the other Members shall be required to sell all, but not less than all, of their Units to the same party or parties and upon the same terms and conditions as the Selling Members; provided, however, that the aggregate purchase price paid to the Members shall be apportioned among the Members in accordance with their proportionate Units. The Selling Members shall give at least thirty (30) days' written notice of such transaction to such other Members. All Members hereby appoint each of the Selling Members as their attorney-in-fact for the purpose of taking all actions and signing all documents and instruments deemed necessary by the Selling Members to

consummate such transaction, including without limitation, executing and delivering to the purchaser instruments sufficient to transfer all Members' Units to the purchaser.

12.2. Tag Along Rights. If, at any time, following approval of the Board of Managers, any Member or group of Members constituting a majority of the Units (the "Selling Members") desire to Transfer any Units in a *bona fide* arms' length transaction (or a series of related *bona fide* arms' length transactions) or similar transaction structured as a merger, reorganization or otherwise that would result in one or more parties other than the then current Members owning more than fifty (50%) of the equity interests of the resulting Entity, and the Selling Members do not (or do not intend to) exercise their rights under Section 12.1, then the Selling Members shall, before said sale, first be required to offer to all Members the opportunity to sell their Units to the same party or parties and upon the same terms and conditions as the Selling Members. If, within thirty (30) days of receiving written notice from the Selling Members of the opportunity to join in said sale, any of the remaining Members elect, by written notice to the Selling Members, to join them and sell all or any part of their Units, the Selling Members shall be required to consummate the sale of both their Units and the Units of the other Members so electing to join in such sale on the same terms and conditions or, in the alternative, not to sell any of their Units; provided, however, that the aggregate purchase price paid to the Members shall be apportioned among such selling Members in accordance with their proportionate Units. To the extent that any of the remaining Members does not elect to join the Selling Members in the proposed sale, then the Selling Members shall be allowed to sell their Units in accordance with such proposed transaction (free of any restrictions under this Agreement).

12.3. Exception to Transfer Restrictions. The Transfer of any Units described in this Article XII shall not be subject to any other restriction or limitation under this Agreement.

### ARTICLE XIII MISCELLANEOUS PROVISIONS

13.1. Notices. Any notice, consent, request, authorization or approval (collectively, a "Notice") permitted or required under this Agreement shall make specific reference to the fact that the Notice is pursuant to this Agreement, and shall be in writing, signed and personally delivered or sent by registered or certified mail. The date of personal delivery or the date of mailing by United States Postal Service registered or certified mail shall be considered the date of the Notice. Any Notice to the Company shall be sent to it c/o Steven R. Barth, Foley & Lardner LLP, 777 East Wisconsin Avenue, Milwaukee, Wisconsin 53202-5306, or any other attorney designated by the Board of Managers.

13.2. Waiver of Partition. The Members hereby agree that no Member, nor any successor in interest to any Member, shall have the right, while this Agreement remains in effect, to have any Company property partitioned, or to file a complaint or institute any proceeding at law or in equity to have such property partitioned, and all Members, on behalf of themselves and their heirs, personal representatives, successors and assigns, hereby waive any such right.

13.3. Choice of Law and Severability. This Agreement shall be construed, interpreted and enforced in accordance with the internal laws and decisions of the State of

Wisconsin. If any provision of this Agreement shall be contrary to the laws of Wisconsin or any other applicable law, at the present time or in the future, such provision shall be deemed null and void, but this shall not affect the legality of the remaining provisions of this Agreement. This Agreement shall be deemed to be modified and amended so as to be in compliance with applicable law and this Agreement shall then be construed in such a way as will best serve the intention of the parties at the time of the execution of this Agreement.

13.4. Captions, Gender, References and Number. The captions in this Agreement are inserted only as a matter of convenience and in no way affect the terms or intent of any provision of this Agreement. All defined phrases, pronouns and other variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the actual identity of the organization, person or persons may require. All references to "Section" or "Article" shall be construed to mean the corresponding Section or Article in this Agreement, unless clearly indicated to the contrary.

13.5. Counterparts; Form of Signatures. This Agreement may be executed in one or more counterparts, each bearing the signatures of one or more Members. Each such counterpart shall be considered an original and all of such counterparts shall constitute a single agreement binding all the parties as if all had signed a single document. Signatures hereto may be evidenced by original writing or by facsimile, PDF or other electronic transmission.

13.6. Binding Effect. Except as provided to the contrary, the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of all the Members, their heirs, personal representatives, successors and assigns.

13.7. Third Party Beneficiaries. Nothing expressed or referred to in this Agreement will be construed to give any Person other than the parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provisions of this Agreement, except such claims made regarding the authority to act for, represent or assume any obligation or responsibility on behalf of the Company pursuant to the provisions of Section 5.16.

13.8. Limitation of Liability. Except as otherwise expressly provided by the Act or the terms of this Agreement, a Member shall not be personally liable for any debt, obligation or liability of the Company. The failure of the Company to observe any formalities or requirements relating to the exercise of its powers or management of its business or affairs under this Agreement or the Act shall not be grounds for imposing personal liability on the Members, Directors, or officers for liabilities of the Company.

13.9. Entire Agreement. This Agreement, including any Schedules and Exhibits and the subscription agreements for Units, constitutes the entire agreement among the Members regarding the terms and operations of the Company, except as amended in writing pursuant to the requirements of this Agreement, and supersedes all prior and contemporaneous agreements, statements, understandings and representations of the parties.

13.10. Creditors. The provisions of this Agreement are not for the benefit of and may not be specifically enforced by any creditors of the Company.

13.11. Execution of Additional Instruments. Each Member hereby agrees to execute such other and further statements of interest and holdings, designations, powers of attorney, and other instruments necessary to comply with any applicable laws, rules, or regulations.

13.12. Waivers. The failure of any party to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Agreement shall not prevent a subsequent act, that would have originally constituted a violation, from having the effect of an original violation.

13.13. Rights and Remedies Cumulative. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive the right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.

13.14. Amendments. Except as specifically provided in this Agreement, neither this Agreement nor the Articles of Organization may be amended except by the approval of the Board of Managers and the approval of the Members holding at least a majority of the outstanding Units. Notwithstanding the foregoing, the Board of Managers, without seeking the approval or consent of the Members, may amend this Agreement to make those changes that the Board of Managers determines are necessary, appropriate, or desirable to achieve the intent of this Agreement, including, without limitation, by clarifying ambiguities, correcting inconsistencies, inserting unintentional omissions, attempting to ensure compliance with the Act and applicable tax and securities laws, and making any other changes which do not alter the rights or obligations of the Members in a manner that would materially disadvantage the Members. Such changes may only be made by the Board of Managers after specific consultation with legal counsel on such matters, and the Secretary shall give each Member prompt notice of any such changes made.

13.15. Acknowledgement of, and Consent to, Member also Acting as Legal Counsel. The Company and each of the Members are aware that Steven R. Barth, an investor in a Member, is a partner in Foley & Lardner LLP, legal counsel to the Company. The Company and the Members acknowledge that each of them have had an opportunity to consult with their own legal counsel regarding Mr. Barth's investment in the Company as an investor in a Member and that they each have determined that the terms and conditions of such Member's investment herein are on the same terms as the investments by the other Members in the Company and that such terms and conditions are fair and reasonable to the Company and to the other Members. Moreover, each Member understands that the potential for a conflict of interest exists between Mr. Barth's personal investment interest in the Company and his actions, judgment and advice as legal counsel to the Company. Nevertheless, and fully understanding such potential conflicts, each Member and the Company hereby consents and agrees to such dual relationships and waives any claim for any actual or potential breach of ethical obligations or professional responsibility to the Company and/or its Members by Mr. Barth with respect to such dual relationships. The Company and the Members further acknowledge that, in the event there is a dispute between the Company and any of its Members in the future, the personal financial interest of Mr. Barth in his capacity as an investor in a Member in any such dispute and/or the possibility of Mr. Barth being called as a witness in his capacity as an investor in a Member may

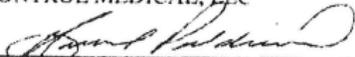
preclude Foley & Lardner LLP from representing the Company and/or other Members in such dispute.

**[SIGNATURE PAGE FOLLOWS]**

**InControl Medical, LLC Signature Page to Operating Agreement**

IN WITNESS WHEREOF, the parties have duly executed this Agreement, or caused it to be duly executed, effective as of the date first set forth above.

**COMPANY:**  
INCONTROL MEDICAL, LLC

By:   
Herschel "Buzz" Peddicord, President  
and Chief Executive Officer

**INDIVIDUAL MEMBER:**

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

SSN: \_\_\_\_\_

-- OR --

**ENTITY MEMBER:**

\_\_\_\_\_  
Name of Entity

By: \_\_\_\_\_

Print Title: \_\_\_\_\_

Print Name: \_\_\_\_\_

Tax I.D. No.: \_\_\_\_\_

## DEFINITIONS

- 1.1 “**Act**” means Chapter 183 of the Wisconsin Statutes as may be amended from time to time and any successor provisions of the Wisconsin Statutes.
- 1.2 “**Actor**” has the meaning set forth in Section 5.17.
- 1.3 “**Affiliate**” means, with respect to a specified Person (i) any Person directly or indirectly controlling, controlled by, or under common control with, such specified Person.
- 1.4 “**Annual Tax Distribution**” has the meaning set forth in Section 7.1.
- 1.5 “**Applicable Federal Rate**” means the interest rate specified in Code § 1274(d)(1) for the appropriate term of instrument, as announced for the relevant month or months by the Secretary of the United States Treasury.
- 1.6 “**Articles of Organization**” means the Articles of Organization of the Company, as filed with the Department, as the same have been or may be amended from time to time.
- 1.7 “**Board of Managers**” means the manager of the Company as described in Section 5.1.
- 1.8 “**Capital Account**” means the separate account maintained for each Member pursuant to Section 8.1.
- 1.9 “**Capital Contribution**” means a contribution of cash or other property made, at any time, by a Member to the capital of the Company.
- 1.10 “**Cash Flow Distribution**” shall have the meaning set forth in Section 7.2.
- 1.11 “**Closing**” has the meaning set forth in Section 10.6.
- 1.12 “**Code**” means the Internal Revenue Code of 1986, as amended, and any successor provisions or codes.
- 1.13 “**Company’s Taxable Income**” has the meaning set forth in Section 7.1(b)(i).
- 1.14 “**Company Value**” has the meaning set forth in Section 10.3(b).
- 1.15 “**Confidential Information**” means any and all of the following information of the Company that has been or may hereafter be disclosed by the Company or its Representatives in any form, whether in writing, orally, electronically or otherwise, or otherwise made available by observation, inspection or otherwise:
- A. all information that is a trade secret under applicable trade secret or other law;

B. all information concerning designs, improvements, copyrightable material, research, production techniques, artistic or graphic images, merchandising or selling techniques, financial information, work-in-process, confidential information of any client of the Company, works of authorship, products list, customer lists, prospective customer lists, current and anticipated customer requirements, price lists, market studies, business plans, vendor lists and financial plans and forecasts; and

C. all notes, analyses, compilations, studies, summaries and other material prepared by a Person to the extent containing or based, in whole or in part, upon any information included in (i) or (ii) above.

“Confidential Information” does not include information which (i) is or becomes generally available to the public other than as a result of a disclosure by a Member or a Member’s Representatives in violation of this Agreement, (ii) was or becomes available to a Member on a non-confidential basis from a source other than the Company or any of its Members or the Company’s representatives, provided that such source is not prohibited from disclosing such information by an obligation in favor of the Company or its representatives, or (iii) is independently developed without violating any obligations hereunder.

- 1.16 “**Default**” has the meaning set forth in Section 9.5.
- 1.17 “**Depreciation**” means, for each Fiscal Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such year or other period, except that if the Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year or other period bears to such beginning adjusted tax basis.
- 1.18 “**Determined Value**” shall have the meaning set forth in Section 10.3(a).
- 1.19 “**Determination Date**” shall have the meaning set forth in Section 10.3(b).
- 1.20 “**Director**” means a member of the Board of Managers.
- 1.21 “**Dissolution Event**” has the meaning set forth in Section 11.1.
- 1.22 “**Equity Plan**” means the plan by which the Board of Managers approves the allocation of Units for key employees, consultants, vendors, and others for compensation purposes.
- 1.23 “**Entity**” means any general partnership, limited partnership, limited liability partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative, association, government unit or business organization.

- 1.24 **“Excluded Securities”** means (i) Units issued or deemed issued to employees or Directors of, or consultants or advisors to, the Company pursuant to the Equity Plan or any other incentive plan, agreement or arrangement approved by the Board of Managers; (ii) Units issued pursuant to the exercise of Significant Investor Warrants; (iii) the issuance of securities (other than Units) pursuant to the conversion or exercise of convertible or exercisable securities; (iv) securities issued in connection with any Unit split or Unit dividend of the Company; (v) the issuance of securities (including Units) in connection with a bona fide business acquisition of or by the Company, whether by merger, consolidation, sale of assets, sale or exchange of Units or otherwise; (vi) any debt instruments, provided such debt instruments do not have any exercisable or convertible Unit features attached; or (vii) the issuance of Units, warrants or other securities or rights to Persons with which the Company has, or proposes to have, business relationships (including, without limitation, securities (including Units) issued or issuable (A) to manufacturers, distributors, vendors, customers, banks, equipment lessors or other financial institutions, or to real property lessors, pursuant to a debt financing, equipment leasing, real property leasing or customer or vendor transaction approved by the Board of Managers; or (B) in connection with a collaboration, technology license, development, OEM, marketing, distribution, manufacturing, product testing or other similar agreements or strategic partnerships approved by the Board of Managers).
- 1.25 **“Fiscal Year”** means the Company’s fiscal year, as described in Section 8.2.
- 1.26 **“Initial Members”** has the meaning set forth in Section 3.3.
- 1.27 **“Initial Raise”** has the meaning set forth in Section 3.3.
- 1.28 **“Member”** means each Person who executes a counterpart of this Agreement as a Member or who hereafter becomes a Member of the Company under this Agreement.
- 1.29 **“Membership Interest”** means a Member’s entire interest in the Company, including the Member’s share of the Company’s Net Profits, Net Losses and distributions of the Company’s assets pursuant to this Agreement and/or the Act and the right to participate in the management of the business and affairs of the Company, including the right to vote on, consent to or otherwise participate in any decision or action of or by the Members granted pursuant to this Agreement and/or the Act. Membership Interests are represented by Units.
- 1.30 **“Net Profits”** and **“Net Losses”** mean, for each Fiscal Year or other period, an amount equal to the Company’s taxable income or loss for such Fiscal Year or period, determined in accordance with Code § 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code § 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

D. Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Net Profits or Net Losses pursuant to this definition shall be added to such taxable income or loss;

E. Any expenditures of the Company described in Code § 705(a)(2)(B) or treated as § 705(a)(2)(B) expenditures pursuant to Treas. Reg. § 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Net Profits or Net Losses pursuant to this definition, shall be subtracted from such taxable income or loss;

F. In the event Value of any asset is adjusted pursuant to Section B, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Net Profits and Net Losses.

G. Gain or loss resulting from any disposition of Company property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Value;

H. In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year or other period; and

I. Notwithstanding any other provision of this definition, any items that are specially allocated pursuant to Section 6.2 shall not be taken into account in computing Net Profits or Net Losses.

- 1.31 “**Notice**” has the meaning set forth in Section 13.2.
- 1.32 “**Permitted Transfer**” has the meaning set forth in Section 9.2.
- 1.33 “**Permitted Transferee**” means any of the following: (i) any descendent of the Member, by blood or adoption, (if the child was adopted before the age of 18), (ii) the Member’s spouse, (iii) any spouse of a descendent of the Member, (iv) any brothers or sisters of the Member, or the parents of the Member, (v) any trust for which the beneficiary is a Permitted Transferee, (vi) any Person with the express written consent of the Board of Managers, (vii) any owner or Affiliate of a Member that is an Entity, or (viii) the Company.
- 1.34 “**Person**” means any individual or Entity.
- 1.35 “**Representative**” means, with respect to a particular Person, any director, officer, employee, agent, consultant, advisor, accountant, legal counsel or other representative.

- 1.36 “**Reserves**” means, for any fiscal period, funds set aside or amounts allocated during such period to reserves that shall be maintained in amounts required by third parties doing business with the Company or otherwise deemed appropriate by the Board of Managers for working capital and for replacement of capital items and furniture, fixtures and equipment and to pay taxes, insurance, debt service, or other costs or expenses incident to the ownership and operation of the Company’s business.
- 1.37 “**Second Equity Raise**” has the meaning set forth in Section 3.4(b).
- 1.38 “**Secretary**” means the Secretary of the Company or other officer of the Company as designated by the Board of Managers pursuant to Section 5.14, or if no such Person has been appointed, then the highest officer of the Company, or if no officer has been appointed, then the Board of Managers.
- 1.39 “**Significant Investor**” has the meaning set forth in Section 3.4(a).
- 1.40 “**Significant Investor Warrant**” has the meaning set forth in Section 3.4(a).
- 1.41 “**Spouse**” has the meaning set forth in Section 9.6.
- 1.42 “**Tax Matters Person**” means the Member designated as the “tax matters partner” as designated in Section 8.5.
- 1.43 “**Tax Rate**” shall have the meaning set forth in Section 7.1(b)(ii).
- 1.44 “**Third Party Offer**” means an arm’s length, binding, *bona fide*, written offer to purchase from an unrelated third party, which describes the terms and conditions of the offer and does not include any term or provide for any consideration which, by reason of the unique or unusual nature of the term or consideration, could not be met or provided for by an ordinary third party.
- 1.45 “**Transfer**” has the meaning set forth in Section 9.1(a).
- 1.46 “**Transferor**” has the meaning set forth in Section 9.3.
- 1.47 “**Transferee**” has the meaning set forth in Section 9.1(b).
- 1.48 “**Treasury Regulations**” means the regulations promulgated under the Code, as such regulations may be amended from time to time. All references herein to specific sections of the Treasury Regulations shall be deemed also to refer to any corresponding provisions of succeeding Treasury Regulations, and any references to Temporary Regulations shall be deemed also to refer to any corresponding provisions of final Treasury Regulations.
- 1.49 “**Units**” means the equity interest in the Company, each of which represents a divided portion of each of the ownership rights and obligations of a Member, including the benefits to which a Member is entitled and the commitments for

which a Member is responsible under the Act and as provided in this Agreement. The portion of each right and obligation represented by a Unit is based on the aggregate number of Units issued and outstanding at the given time; provided that any class or group of Units issued shall have the relative rights, powers and duties set forth in this Agreement.

1.50 “**Value**” means, with respect to any asset, the asset’s adjusted basis for federal income tax purposes, except as follows:

J. The initial Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the Board of Managers;

K. The Values of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Board of Managers, as of the following times: (A) the acquisition of any additional interest in the Company by any new or existing Member either in exchange for more than a *de minimis* capital contribution or for a “profits interest”; (B) the distribution by the Company to a Member of more than a *de minimis* amount of Company property, unless all Members receive simultaneous distributions of undivided interests in the distributed property in proportion to their interests in the Company; and (C) the termination of the Company for federal income tax purposes pursuant to Code § 708(b)(1)(B); and

L. If the Value of an asset has been determined or adjusted pursuant to (i) or (ii) above, such Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Net Profits and Net Losses.

Execution Version

## INCONTROL MEDICAL, LLC

Majority Written Consent Action of the  
Members

## Approval of Additional “Excluded Securities”

The undersigned Members of InControl Medical, LLC, a Wisconsin limited liability company (“Company”), holding almost 88% of the outstanding Units of the Company, in accordance with and pursuant to Section 4.9 of the Company’s Operating Agreement, do hereby consent to, adopt and approve the following resolutions:

WHEREAS, Section 3.3(a) of the Company’s Operating Agreement only allows for the Company’s issuance for compensatory purposes of up to 2,000,000 Excluded Securities (as defined in Section 1.24 of Exhibit B to the Operating Agreement), unless otherwise approved by the Company’s Members holding a majority of the outstanding Units of the Company;

WHEREAS, the Company’s Board of Managers has determined that it is advisable and in the best interests of the Company and its Members to increase the number of Excluded Securities by 150,000;

WHEREAS, the undersigned Members of the Company deem the authorization of such additional Excluded Securities contemplated hereby to be advisable and in the best interests of the Company and its Members.

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the undersigned Members of the Company authorize, approve, ratify and confirm the authorization of an additional 150,000 Excluded Securities.

FURTHER RESOLVED, that the Company’s Board of Managers and/or officers are fully authorized and directed by and on behalf of the Company to take any and all actions as may be deemed by any of them necessary or advisable to issue such additional Excluded Securities contemplated by this Consent Action for compensatory purposes to any third party, consultant, advisor, vendor, employee, director or other individual or entity, subject to such terms and conditions as any of them may deem necessary or advisable pursuant to the power and authority vested in them pursuant to this Consent Action and the Company’s Operating Agreement.

FURTHER RESOLVED, that the Company’s Board of Managers and/or officers are, and each of them hereby is, fully authorized and empowered by and on behalf of the Company to take or cause to be taken all such action and execute or cause to be executed any and all such certificates, instruments, agreements and other documents as may be deemed by any of them necessary or desirable to carry out the provisions of the foregoing resolutions; the taking of any such action, and the execution of any such certificates, instruments, agreements or other documents, shall constitute conclusive evidence of the complete authority of the Company’s Board of Managers and/or officers hereunder.

**FURTHER RESOLVED**, that any and all actions heretofore taken or caused to be taken by the Company's Board of Managers and/or officers, consistent with the tenor and purport of the foregoing resolutions and the power and authority vested in them pursuant to this Consent Action, are, and each of them hereby is, ratified, confirmed and approved in all respects for and on behalf of the Company.

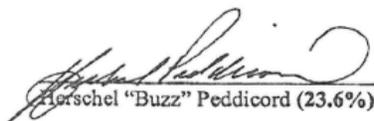
**FURTHER RESOLVED**, that this Consent Action shall have the same force and effect as a vote of the Members holding at least a majority of the outstanding Units of the Company taken at a special meeting of the Company's Members duly called and held.

**FURTHER RESOLVED**, that this Consent Action may be signed by the Company's Members in separate written counterparts (which may be effectively delivered by facsimile, PDF or any other electronic means), which together shall constitute one and the same Consent Action, effective for all purposes as of the date written below.

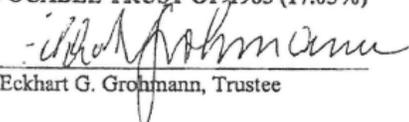
**FURTHER RESOLVED**, that this Consent Action shall be entered into the minute book of the Company.

**IN WITNESS WHEREOF**, this Consent Action is executed by and on behalf of Members of the Company holding 87.76% of the outstanding Units of the Company as set forth opposite their respective names below, effective for all purposes as of March 5, 2012.

*[The next page is the Signature Page]*

  
Herschel "Buzz" Peddicord (23.6%)

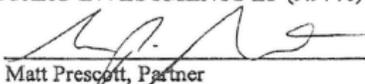
**ECKHART G. GROHMANN  
REVOCABLE TRUST OF 1985 (17.05%)**

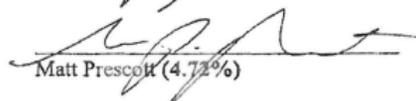
By:   
Eckhart G. Grohmann, Trustee

**BOS HOLDINGS, LLC (14.06%)**

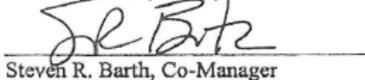
By: \_\_\_\_\_  
James R. Shanks, Manager

**SAGUARO INVESTMENTS LP (9.97%)**

By:   
Matt Prescott, Partner

  
Matt Prescott (4.77%)

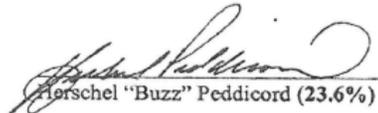
**BARTHSKI, LLC (9.44%)**

By:   
Steven R. Barth, Co-Manager

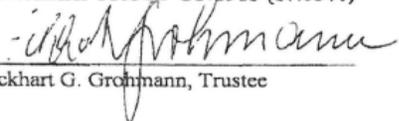
**DEMPSEY/OSTER, LLC (8.92%)**

By: \_\_\_\_\_  
Mary Jo Dempsey, Co-Manager

TOTAL PERCENTAGE OF OUTSTANDING UNITS OWNED BY THE ABOVE  
MEMBERS: 87.76%

  
Herschel "Buzz" Peddicord (23.6%)

**ECKHART G. GROHMANN  
REVOCABLE TRUST OF 1985 (17.05%)**

By:   
Eckhart G. Grohmann, Trustee

**BOS HOLDINGS, LLC (14.06%)**

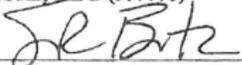
By: \_\_\_\_\_  
James R. Shanks, Manager

**SAGUARO INVESTMENTS LP (9.97%)**

By: \_\_\_\_\_  
Matt Prescott, Partner

\_\_\_\_\_  
Matt Prescott (4.72%)

**BARTHSKI, LLC (9.44%)**

By:   
Steven R. Barth, Co-Manager

**DEMPSEY/OSTER, LLC (8.92%)**

By:   
Mary Jo Dempsey, Co-Manager

TOTAL PERCENTAGE OF OUTSTANDING UNITS OWNED BY THE ABOVE  
MEMBERS: 87.76%

INCONTROL MEDICAL, LLC  
AMENDMENT NO. 1 TO OPERATING AGREEMENT

APRIL 29, 2013

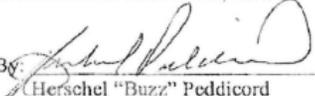
IN WITNESS WHEREOF, the following amended and restated Section 5.3 to the September 15, 2010 Operating Agreement ("Operating Agreement") of InControl Medical, LLC ("Company") was adopted pursuant to Section 13.14 of the Operating Agreement by the requisite vote of members of the Company at the 2013 annual meeting of members held on April 29, 2013 and by unanimous written consent of the Board of Managers effective as of April 29, 2013:

5.3 Election of Directors; Eligibility. Commencing effective as of April 29, 2013, the Board of Managers shall consist of eight Directors, and thereafter the size of the Board of Managers may be established from time to time, or at any time, by the Board of Managers; provided that the size of the Board of Managers shall not be less than five or more than 15. The Directors shall be elected annually by majority vote of the Units, other than those Units designated as non-voting Units. Only an individual (and not an Entity) may serve as a Director. Directors need not be Members of the Company. Notwithstanding the foregoing, each Member agrees to nominate and vote for Mr. Peddicord to serve a Director as long as he is a Member of the Company. Directors shall serve until the earlier of their death, resignation or removal as provided in this Agreement.

The Directors may from time to time, or at any time, elect a Chairman from among them to serve as the chairman of all meetings of the Board of Managers and Members, including all activities and duties normally attendant and related thereto as a chairman of the board of a business corporation or as otherwise directed or requested by the Board of Managers.

Certified and effective as of April 29, 2013.

INCONTROL MEDICAL, LLC

By:   
\_\_\_\_\_  
(Herschel "Buzz" Peddicord  
Chief Executive Officer

**INCONTROL MEDICAL, LLC****Majority Written Consent Action of the  
Members****Approval of Additional “Excluded Securities”**

The undersigned Members of InControl Medical, LLC, a Wisconsin limited liability company (“Company”), holding almost 78% of the outstanding Units of the Company, in accordance with and pursuant to Section 4.9 of the Company’s Operating Agreement, do hereby consent to, adopt and approve the following resolutions:

**WHEREAS**, Section 3.3(a) of the Company’s Operating Agreement, as amended, only allows for the Company’s issuance for compensatory purposes of up to 2,150,000 Excluded Securities (as defined in Section 1.24 of Exhibit B to the Operating Agreement), unless otherwise approved by the Company’s Members holding a majority of the outstanding Units of the Company;

**WHEREAS**, the Company’s Board of Managers has determined that it is advisable and in the best interests of the Company and its Members to increase the number of Excluded Securities by an additional 150,000;

**WHEREAS**, the undersigned Members of the Company deem the authorization of such additional Excluded Securities contemplated hereby to be advisable and in the best interests of the Company and its Members.

**NOW, THEREFORE, BE IT HEREBY RESOLVED**, that the undersigned Members of the Company authorize, approve, ratify and confirm the authorization of an additional 150,000 Excluded Securities for a total of 2,300,000 Excluded Securities.

**FURTHER RESOLVED**, that the Company’s Board of Managers and/or officers are fully authorized and directed by and on behalf of the Company to take any and all actions as may be deemed by any of them necessary or advisable to issue such additional Excluded Securities contemplated by this Consent Action for compensatory purposes to any third party, consultant, advisor, vendor, employee, director or other individual or entity, subject to such terms and conditions as any of them may deem necessary or advisable pursuant to the power and authority vested in them pursuant to this Consent Action and the Company’s Operating Agreement.

**FURTHER RESOLVED**, that the Company’s Board of Managers and/or officers are, and each of them hereby is, fully authorized and empowered by and on behalf of the Company to take or cause to be taken all such action and execute or cause to be executed any and all such certificates, instruments, agreements and other documents as may be deemed by any of them necessary or desirable to carry out the provisions of the foregoing resolutions; the taking of any such action, and the execution of any such certificates, instruments, agreements or other documents, shall constitute conclusive evidence of the complete authority of the Company’s Board of Managers and/or officers hereunder.

**FURTHER RESOLVED**, that any and all actions heretofore taken or caused to be taken by the Company's Board of Managers and/or officers, consistent with the tenor and purport of the foregoing resolutions and the power and authority vested in them pursuant to this Consent Action, are, and each of them hereby is, ratified, confirmed and approved in all respects for and on behalf of the Company.

**FURTHER RESOLVED**, that this Consent Action shall have the same force and effect as a vote of the Members holding at least a majority of the outstanding Units of the Company taken at a special meeting of the Company's Members duly called and held.

**FURTHER RESOLVED**, that this Consent Action may be signed by the Company's Members in separate written counterparts (which may be effectively delivered by facsimile, PDF or any other electronic means), which together shall constitute one and the same Consent Action, effective for all purposes as of the date written below.

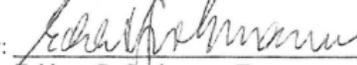
**FURTHER RESOLVED**, that this Consent Action shall be entered into the minute book of the Company.

**IN WITNESS WHEREOF**, this Consent Action is executed by and on behalf of Members of the Company holding 77.7% of the outstanding Units of the Company as set forth opposite their respective names below, effective for all purposes as of July 22, 2013.

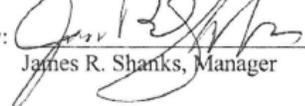
*[The next page is the Signature Page]*

  
Herschel "Buzz" Peddicord (14.4%)

**ECKHART G. GROHMANN  
REVOCABLE TRUST OF 1985 (24.2%)**

By:   
Eckhart G. Grohmann, Trustee

**BOS HOLDINGS, LLC (11.7%)**

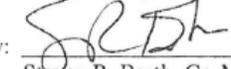
By:   
James R. Shanks, Manager

**SAGUARO INVESTMENTS LP (9.3%)**

By: \_\_\_\_\_  
Matt Prescott, Partner

\_\_\_\_\_  
Matt Prescott (3.1%)

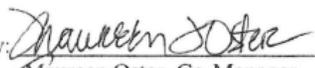
**BARTHSKI, LLC (7.4%)**

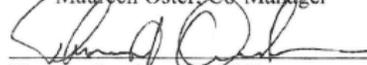
By:   
Steven R. Barth, Co-Manager

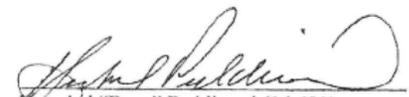
**FOLEY VENTURES, LLC (0.7%)**

By:   
Steven R. Barth, Co-Manager

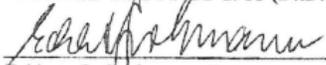
**DEMPSEY/OSTER, LLC (6.3%)**

By:   
Maureen Oster, Co-Manager

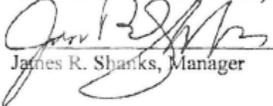
  
Thomas Quadracci (0.6%)

  
Herschel "Buzz" Peddicord (14.4%)

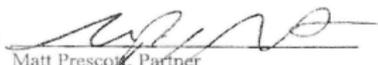
ECKHART G. GROHMANN  
REVOCABLE TRUST OF 1985 (24.2%)

By:   
Eckhart G. Grohmann, Trustee

BOS HOLDINGS, LLC (11.7%)

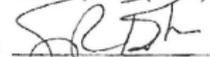
By:   
James R. Shariks, Manager

SAGUARO INVESTMENTS LP (9.3%)

By:   
Matt Prescott, Partner

  
Matt Prescott (3.1%)

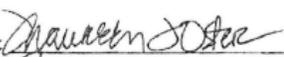
BARTHSKI, LLC (7.4%)

By:   
Steven R. Barth, Co-Manager

FOLEY VENTURES, LLC (0.7%)

By:   
Steven R. Barth, Co-Manager

DEMPSEY/OSTER, LLC (6.3%)

By:   
Maureen Oster, Co-Manager

  
Thomas Quadracci (0.6%)

TOTAL PERCENTAGE OF OUTSTANDING UNITS OWNED BY THE ABOVE MEMBERS: 77.7%

EXECUTED

## INCONTROL MEDICAL, LLC

Majority Written Consent Action of the  
Members

## Approval of Additional "Excluded Securities"

The undersigned Members of InControl Medical, LLC, a Wisconsin limited liability company (the "Company"), holding almost 73% of the outstanding Units of the Company, in accordance with and pursuant to Section 4.9 of the Company's Operating Agreement, as amended, do hereby consent to, adopt and approve the following resolutions:

**WHEREAS**, Section 3.3(b) of the Company's Operating Agreement, as amended, only allows for the Company's issuance for compensatory purposes of up to 2,300,000 Excluded Securities (as defined in Section 1.24 of Exhibit B to the Company's Operating Agreement, as amended), unless otherwise approved by the Company's Members holding a majority of the outstanding Units of the Company;

**WHEREAS**, the Company's Board of Managers has determined that it is advisable and in the best interests of the Company and its Members to increase the number of Excluded Securities by an additional 1,700,000;

**WHEREAS**, the undersigned Members of the Company deem the authorization of such additional Excluded Securities contemplated hereby to be advisable and in the best interests of the Company and its Members.

**NOW, THEREFORE, BE IT HEREBY RESOLVED**, that the undersigned Members of the Company authorize, approve, ratify and confirm the authorization of an additional 1,700,000 Excluded Securities for a total of 4,000,000 Excluded Securities.

**FURTHER RESOLVED**, that the Company's Board of Managers and/or officers are fully authorized and directed by and on behalf of the Company to take any and all actions as may be deemed by any of them necessary or advisable to issue such additional Excluded Securities contemplated by this Consent Action for compensatory purposes to any third party, consultant, advisor, vendor, employee, director or other individual or entity, subject to such terms and conditions as any of them may deem necessary or advisable pursuant to the power and authority vested in them pursuant to this Consent Action and the Company's Operating Agreement, as amended; provided, however, that any individual grant of Excluded Securities by the Company's officers in excess of 25,000 to any single recipient shall also require the approval or ratification of the Company's Board of Managers.

**FURTHER RESOLVED**, that the Company's Board of Managers and/or officers are, and each of them hereby is, fully authorized and empowered by and on behalf of the Company to take or cause to be taken all such action and execute or cause to be executed any and all such certificates, instruments, agreements and other documents as may be deemed by any of them necessary or desirable to carry out the provisions of the foregoing resolutions; the taking of any such action, and the execution of any such certificates, instruments, agreements or other

documents, shall constitute conclusive evidence of the complete authority of the Company's Board of Managers and/or officers hereunder.

**FURTHER RESOLVED**, that any and all actions heretofore taken or caused to be taken by the Company's Board of Managers and/or officers, consistent with the tenor and purport of the foregoing resolutions and the power and authority vested in them pursuant to this Consent Action, are, and each of them hereby is, ratified, confirmed and approved in all respects for and on behalf of the Company.

**FURTHER RESOLVED**, that this Consent Action shall have the same force and effect as a vote of the Members holding at least a majority of the outstanding Units of the Company taken at a special meeting of the Company's Members duly called and held.

**FURTHER RESOLVED**, that this Consent Action may be signed by the Company's Members in separate written counterparts (which may be effectively delivered by facsimile, PDF or any other electronic means), which together shall constitute one and the same Consent Action, effective for all purposes as of the date written below.

**FURTHER RESOLVED**, that this Consent Action shall be entered into the minute book of the Company.

**IN WITNESS WHEREOF**, this Consent Action is executed by and on behalf of Members of the Company holding almost 73% of the outstanding Units of the Company as set forth opposite their respective names below, effective for all purposes as of December 16, 2015.

*[The next page is the Signature Page]*

  
Herschel "Buzz" Peddicord (6.4%)

ECKHART G. GROHMANN  
REVOCABLE TRUST OF 1985 (13.6%)

By:   
Eckhart G. Grohmann, Trustee

BOS HOLDINGS, LLC (6.6%)

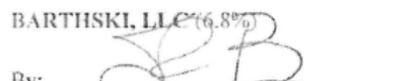
By:   
James R. Shanks, Manager

SAGUARO INVESTMENTS LP (16.3%)

By: \_\_\_\_\_  
Matt Prescott, Partner

\_\_\_\_\_  
Matt Prescott (2.2%)

BARTHISKI, LLC (6.8%)

By:   
Steven R. Barth, Co-Manager

FOLEY VENTURES, LLC (0.75 %)

By:   
Steven R. Barth, Co-Manager

FOLEY VENTURES II, LLC (0.97%)

By:   
Steven R. Barth, Co-Manager

\_\_\_\_\_  
Herschel "Buzz" Peddicord (6.4%)

**ECKHART G. GROHMANN  
REVOCABLE TRUST OF 1985 (13.6%)**

By: \_\_\_\_\_  
Eckhart G. Grohmann, Trustee

**BOS HOLDINGS, LLC (6.6%)**

By: \_\_\_\_\_  
James R. Shanks, Manager

**SAGUARO INVESTMENTS LP (16.3%)**

By: \_\_\_\_\_  
Matt Prescott, Partner

\_\_\_\_\_  
Matt Prescott (2.2%)

**BARTHSKI, LLC (6.8%)**

By: \_\_\_\_\_  
Steven R. Barth, Co-Manager

**FOLEY VENTURES, LLC (0.75 %)**

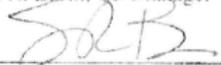
By: \_\_\_\_\_  
Steven R. Barth, Co-Manager

**FOLEY VENTURES II, LLC (0.97%)**

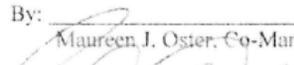
By: \_\_\_\_\_  
Steven R. Barth, Co-Manager

FOLEY VENTURES III LLC (1.2%)

By:   
Steven R. Barth, Co-Manager

  
Steven R. Barth (1.9%)

DEMPSEY/OSTER, LLC (4.1%)

By:   
Maureen J. Oster, Co-Manager

  
Thomas Quadracci (5.6%)

IN CONTROL INVESTORS, LLC (6.4%)

By: \_\_\_\_\_  
Richard M. King, Manager

TOTAL PERCENTAGE OF OUTSTANDING UNITS OWNED BY THE ABOVE MEMBERS:  
72.82%

*Fac to S Barth  
414-292-4900*

FOLEY VENTURES III LLC (1.2%)

By: \_\_\_\_\_  
Steven R. Barth, Co-Manager

\_\_\_\_\_  
Steven R. Barth (1.9%)

DEMPSEY/OSTER, LLC (4.1%)

By: *Maureen J Oster*  
Maureen J. Oster, Co-Manager

*also owns, alone or with spouse  
an additional 578,280 units*

\_\_\_\_\_  
Thomas Quadracci (5.6%)

IN CONTROL INVESTORS, LLC (6.4%)

By: \_\_\_\_\_  
Richard M. King, Manager

TOTAL PERCENTAGE OF OUTSTANDING UNITS OWNED BY THE ABOVE MEMBERS:  
72.82%

FOLEY VENTURES III LLC (1.2%)

By: \_\_\_\_\_  
Steven R. Barth, Co-Manager

\_\_\_\_\_  
Steven R. Barth (1.9%)

DEMPSEY/OSTER, LLC (4.1%)

By: \_\_\_\_\_  
Maureen J. Oster, Co-Manager

\_\_\_\_\_  
Thomas Quadracci (5.6%)

IN CONTROL INVESTORS, LLC (6.4%)

By:  \_\_\_\_\_  
Richard M. King, Manager

TOTAL PERCENTAGE OF OUTSTANDING UNITS OWNED BY THE ABOVE MEMBERS:  
72.82%

**INCONTROL MEDICAL, LLC**

**JOINDER AGREEMENT TO OPERATING AGREEMENT**

By the undersigned's execution below, the undersigned hereby accepts and agrees to be bound by all terms and conditions of that certain Operating Agreement of InControl Medical, LLC, dated as of September 15, 2010, among InControl Medical, LLC, a Wisconsin limited liability company, and the Members party thereto, as such agreement may be amended, restated, supplemented or otherwise modified from time to time (the "Operating Agreement"), and agrees to be a party to the Operating Agreement as a Member as if originally a party thereto. All capitalized terms used in this Joinder Agreement but not defined in this Joinder Agreement shall have the respective meanings given to such terms in the Operating Agreement.

Dated and effective as of [ \_\_\_\_\_ ]

**INDIVIDUAL MEMBER:**

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

SSN: \_\_\_\_\_

- OR -

**ENTITY MEMBER:**

\_\_\_\_\_  
Name of Entity

By: \_\_\_\_\_

Print Title: \_\_\_\_\_

Print Name: \_\_\_\_\_

Tax I.D. No.: \_\_\_\_\_

[This page intentionally left blank.]

# Articles of Organization

Sec. 183.0202  
Wis. Stats.



State of Wisconsin  
Department of Financial Institutions

## ARTICLES OF ORGANIZATION - LIMITED LIABILITY COMPANY

Executed by the undersigned for the purpose of forming a Wisconsin Limited Liability Company under Chapter 183 of the Wisconsin Statutes:

Article 1. **Name of the limited liability company:**  
InControl Medical, LLC

Article 2. **The limited liability company is organized under Ch. 183 of the Wisconsin Statutes.**

Article 3. **Name of the initial registered agent:**  
Steven R. Barth

Article 4. **Street address of the initial registered office:**  
Foley & Lardner LLP  
777 East Wisconsin Avenue  
Milwaukee, WI 53202  
United States of America

Article 5. **Management of the limited liability company shall be vested in:**  
A manager or managers

Article 6. **Name and complete address of each organizer:**  
Timothy L. Voigtman  
Foley & Lardner LLP  
777 East Wisconsin Avenue  
Milwaukee, WI 53202  
United States of America

Other Information. **This document was drafted by:**  
Carol Gunther

**Organizer Signature:**  
Timothy L. Voigtman

**ARTICLES OF ORGANIZATION - Limited Liability  
Company(Ch. 183)**

--

Filing Fee: \$130.00  
Total Fee: \$130.00

ENDORSEMENT

**State of Wisconsin  
Department of Financial Institutions**

EFFECTIVE DATE	
8/31/2010	

<b>FILED</b> 9/7/2010	Entity ID Number 1026481
--------------------------	-----------------------------

# FINANCIALS

---

## InControl Medical, LLC

3225 Gateway Road, Suite 250, Brookfield, WI 53045

# Financials 2020-11

Rolling P&L (in 000s)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	YTD 2020
<b>REVENUE</b>	557.1	524.5	343.1	341.3	372.4	517.4	544.9	418.2	500.8	280.0	519.3	4,919.1
<b>COGS</b>	(322.6)	(288.3)	(219.6)	(183.8)	(195.7)	(257.6)	(283.2)	(241.4)	(248.9)	(169.6)	(237.6)	(2,648.3)
<b>GM \$</b>	234.6	236.2	123.5	157.5	176.7	259.9	261.7	176.8	251.9	110.3	281.7	2,270.8
<b>GM %</b>	42.1%	45.0%	36.0%	46.2%	47.5%	50.2%	48.0%	42.3%	50.3%	39.4%	54.2%	46.2%
<b>Consult.</b>												
CNST - Accounting	-	(20.8)	-	(41.9)	(1.0)							(63.6)
CNST - General	(120.1)	(66.3)	(25.7)	(31.6)	(35.6)	(15.1)	(30.2)	(44.2)	(50.8)	(53.7)	(47.0)	(520.4)
CNST - Clinical	-											-
CNST - Legal	(0.2)	(28.7)	(60.1)	(19.2)	(13.1)	(25.3)	(44.4)	(28.6)	(31.8)	(73.2)	(59.1)	(383.6)
CNST - Training	-											-
	(120.2)	(115.8)	(85.9)	(92.7)	(49.8)	(40.4)	(74.6)	(72.8)	(82.6)	(126.9)	(106.0)	(967.6)
<b>General</b>												
GEN - Automotive	(1.3)	(1.5)	(1.8)	(1.3)	(1.3)	(1.2)	(1.3)	(1.3)	(1.6)	(1.4)	(1.4)	(15.3)
GEN - Maintenance	(1.8)	(1.8)	(2.8)	(1.7)	(1.7)	(1.7)	(2.1)	(2.1)	(1.8)	(1.8)	(1.9)	(21.2)
GEN - Supplies	(4.9)	(4.9)	(4.1)	(2.3)	(6.8)	(5.1)	(4.7)	(3.6)	(4.4)	(3.4)	(3.7)	(47.7)
GEN - Travel	(1.8)	(0.1)	(0.0)	-	-	(0.0)	-				(0.3)	(2.2)
GEN - Postage	(5.6)	(6.2)	(3.8)	(3.1)	(4.3)	(4.8)	(5.9)	(4.5)	(4.0)	(3.9)	(4.4)	(50.6)
	(15.3)	(14.4)	(12.5)	(8.3)	(14.2)	(12.8)	(14.0)	(11.5)	(11.8)	(10.5)	(11.6)	(137.0)
<b>Ins.</b>												
INS - Health	(14.1)	(14.3)	(13.0)	(14.3)	(14.3)	(9.6)	(11.6)	(13.1)	(12.1)	0.2	(13.5)	(129.6)
INS - Other	(2.4)	(2.4)	(2.4)	(2.4)	(1.0)	(5.4)	(5.3)	(4.8)	(1.7)	(1.4)	(5.9)	(35.1)
	(16.5)	(16.7)	(15.4)	(16.7)	(15.2)	(15.0)	(16.9)	(17.9)	(13.7)	(1.2)	(19.4)	(164.7)
<b>Oth</b>												
OTH - Inv. Chg Acct	114.6	106.5	92.3	56.1	66.8	87.3	91.1	96.2	90.5	74.9	72.4	948.7
OTH - Rearch & Develop	(3.0)	(2.1)	(7.6)	(2.0)	(3.5)	(4.7)	-	(0.6)	(0.4)	(0.4)	-	(24.3)
OTH - Royalty	-											-
OTH - PerProperty Tax	-											-
OTH - Other	(29.3)	(24.4)	(12.1)	(18.9)	(31.9)	(31.1)	(32.8)	(25.0)	(27.0)	(20.2)	(21.0)	(273.5)
	82.3	80.0	72.6	35.1	31.4	51.6	58.3	70.7	63.1	54.4	51.4	650.8

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	YTD 2020
MKT - General	(280.5)	(236.6)	(127.0)	(118.7)	(161.2)	(160.5)	(162.9)	(176.3)	(180.4)	(184.0)	(162.0)	(1,950.2)
MKT - Seminars	-											-
MKT - Trade Shows	-											-
MKT - Website	(0.9)	(0.6)	(0.9)	(0.7)	(0.5)	(0.5)	(0.5)	(0.8)	(0.5)	(1.8)	(0.5)	(8.1)
	(281.5)	(237.1)	(127.9)	(119.4)	(161.7)	(161.0)	(163.5)	(177.1)	(180.9)	(185.8)	(162.4)	(1,958.3)
PAY - Taxes	(17.9)	(15.8)	(13.0)	(8.6)	(9.1)	(12.4)	(12.9)	(12.4)	(11.9)	(11.1)	(9.5)	(134.6)
PAY - Salaries	(186.9)	(177.5)	(156.7)	(106.5)	(113.8)	(153.6)	(158.1)	(155.1)	(149.7)	(140.2)	(127.9)	(1,626.0)
PAY - Other	(0.7)	(0.3)	(0.1)	(0.4)	(0.3)	(0.1)	(0.2)	(0.2)	(0.2)	(0.3)	(0.1)	(3.1)
PAY - Variable Comp	(7.8)	(7.3)	(3.5)	(2.7)	(3.8)	(5.6)	(7.1)	(4.9)	(6.4)	(3.4)	(6.3)	(58.6)
	(213.3)	(201.0)	(173.3)	(118.1)	(126.9)	(171.7)	(178.3)	(172.6)	(168.3)	(155.0)	(143.8)	(1,822.2)
UTIL - Other	(2.2)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.6)	(1.3)	(1.3)	(1.4)	(1.2)	(15.6)
UTIL - Rent	(11.0)	(11.0)	(11.0)	(11.0)	(10.8)	(10.8)	(10.8)	(10.8)	(10.8)	(10.8)	(10.8)	(119.7)
UTIL - Phone	(0.5)	(0.6)	(0.9)	(0.7)	(0.8)	(0.8)	(0.3)	(0.5)	(0.7)	(0.5)	(0.9)	(7.1)
UTIL - Utilities	(2.4)	(2.1)	(2.0)	(1.5)	(1.3)	(1.4)	(1.6)	(1.6)	(1.5)	(1.4)	(1.4)	(18.2)
	(16.2)	(15.1)	(15.2)	(14.5)	(14.2)	(14.3)	(14.3)	(14.2)	(14.3)	(14.1)	(14.3)	(160.6)
<b>OpEx</b>	<b>(580.7)</b>	<b>(520.2)</b>	<b>(357.5)</b>	<b>(334.6)</b>	<b>(350.6)</b>	<b>(363.6)</b>	<b>(403.2)</b>	<b>(395.4)</b>	<b>(408.5)</b>	<b>(439.0)</b>	<b>(406.2)</b>	<b>(4,559.5)</b>
<b>EBITDA</b>	<b>(346.1)</b>	<b>(284.0)</b>	<b>(234.0)</b>	<b>(177.0)</b>	<b>(173.9)</b>	<b>(103.7)</b>	<b>(141.5)</b>	<b>(218.6)</b>	<b>(156.6)</b>	<b>(328.7)</b>	<b>(124.5)</b>	<b>(2,288.7)</b>
D&A	(14.9)	(15.0)	(15.0)	(15.0)	(15.0)	(15.4)	(8.1)	(14.1)	(14.1)	(14.1)	(14.7)	(155.4)
<b>Op Income</b>	<b>(361.0)</b>	<b>(299.0)</b>	<b>(249.0)</b>	<b>(192.0)</b>	<b>(188.9)</b>	<b>(119.1)</b>	<b>(149.6)</b>	<b>(232.7)</b>	<b>(170.7)</b>	<b>(342.8)</b>	<b>(139.2)</b>	<b>(2,444.0)</b>
Taxes												
Interest	(84.2)	(86.3)	(89.5)	(75.0)	(86.8)	(86.8)	(86.8)	(87.5)	(87.5)	(87.5)	(87.5)	(945.3)
<b>Net Income</b>	<b>(445.2)</b>	<b>(385.3)</b>	<b>(338.6)</b>	<b>(267.0)</b>	<b>(275.7)</b>	<b>(205.9)</b>	<b>(236.3)</b>	<b>(320.2)</b>	<b>(258.2)</b>	<b>(430.3)</b>	<b>(226.7)</b>	<b>(3,389.3)</b>
	(1)	(2)	(3)	(4)	(5)					(6)		(7)

1) Added \$75,000 in TV ad spend

2) Added \$50,000 in TV ad spend

3) 4) 5) Partial Shutdown and reduction of staff due to COVID-19

6) Due to election advertising, Facebook, Google, and Instagram increased ad cost by 600% reducing the number of ads we could buy substantially

7) Interest expense is primarily paid in common stock. Actual cash interest paid is less than \$20,000 a year.

## Rolling Balance Sheet (000s)

		Jan '20	Feb '20	Mar '20	Apr '20	May '20	Jun '20	Jul '20	Jul '19		
Assets	Current Assets	\$ Cash	407.8	515.3	210.6	378.4	343.2	222.0	453.9	1,206.6	
		A / R	78.1	117.0	55.7	8.1	(38.5)	27.1	97.1	73.6	
		AR	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	
		Member Receivable	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	
		Investments	25.7	25.6	42.1	56.1	53.1	53.5	49.6	25.9	
		Loan Receivable - Employee	<b>A R</b>	<b>124.2</b>	<b>163.1</b>	<b>118.3</b>	<b>84.7</b>	<b>35.1</b>	<b>101.1</b>	<b>167.2</b>	<b>120.0</b>
		Inventory - Materials	1,162.4	1,141.7	1,147.8	1,216.2	1,200.7	1,164.1	1,102.3	1,156.5	
		Inventory - Finished Goods	68.5	64.0	89.2	64.8	44.2	46.8	64.4	125.2	
		Prepays	330.8	283.5	291.1	292.7	294.5	303.0	309.7	295.3	
		<b>Other Current</b>	<b>1,561.63</b>	<b>1,489.17</b>	<b>1,528.11</b>	<b>1,573.71</b>	<b>1,539.34</b>	<b>1,513.90</b>	<b>1,476.43</b>	<b>1,576.89</b>	
	<b>Current Assets</b>	<b>2,093.7</b>	<b>2,167.6</b>	<b>1,857.1</b>	<b>2,036.8</b>	<b>1,917.6</b>	<b>1,837.0</b>	<b>2,097.6</b>	<b>2,903.4</b>		
	Fixed Assets	Leasehold Improvements	43.8	43.8	43.8	43.8	43.8	43.8	43.8	43.8	
		Office Furniture & Fixtures	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	
		Computer Equipment	51.1	55.1	55.1	55.1	55.1	55.1	55.1	51.1	
		Tooling & Molds	1,004.8	1,004.8	1,006.2	1,006.2	1,006.2	1,015.1	1,015.1	906.9	
		Intangible Assets	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	
		Patents	466.8	466.8	466.8	466.8	466.8	466.8	466.8	431.2	
		<b>Fixed Assets</b>	<b>2,660.7</b>	<b>2,664.7</b>	<b>2,666.1</b>	<b>2,666.1</b>	<b>2,666.1</b>	<b>2,675.0</b>	<b>2,675.0</b>	<b>2,527.2</b>	
		Accum. Depr.	Leasehold Improvements	(43.8)	(43.8)	(43.8)	(43.8)	(43.8)	(43.8)	(43.8)	(43.8)
			Office Furniture & Fixtures	(92.9)	(92.9)	(92.9)	(93.0)	(93.0)	(93.0)	(93.1)	(92.4)
			Computer Equipment	(49.3)	(49.5)	(49.7)	(49.9)	(50.0)	(50.2)	(50.4)	(48.6)
	Tooling & Molds		(756.4)	(762.0)	(767.7)	(773.3)	(779.0)	(785.1)	(790.8)	(717.9)	
	Amortization		(801.0)	(810.1)	(819.3)	(828.4)	(837.5)	(846.7)	(848.8)	(750.9)	
<b>Accum. Depr</b>	<b>(1,743.3)</b>		<b>(1,758.4)</b>	<b>(1,773.4)</b>	<b>(1,788.4)</b>	<b>(1,803.3)</b>	<b>(1,818.8)</b>	<b>(1,826.9)</b>	<b>(1,653.6)</b>		
<b>Fixed Assets</b>	<b>917.3</b>	<b>906.3</b>	<b>892.7</b>	<b>877.7</b>	<b>862.7</b>	<b>856.2</b>	<b>848.1</b>	<b>873.6</b>			
Advance to Member	1,295.0	1,295.0	1,295.0	1,295.0	1,295.0	1,295.0	1,295.0	1,295.0			
<b>Long-Term Assets</b>	<b>1,295.0</b>	<b>1,295.0</b>	<b>1,295.0</b>	<b>1,295.0</b>	<b>1,295.0</b>	<b>1,295.0</b>	<b>1,295.0</b>	<b>1,295.0</b>			
<b>Total Assets</b>	<b>4,306.0</b>	<b>4,368.9</b>	<b>4,044.8</b>	<b>4,209.5</b>	<b>4,075.4</b>	<b>3,988.2</b>	<b>4,240.7</b>	<b>5,072.0</b>			

[CONFIDENTIAL]

3 - Balance Sheet

		<u>Jan '20</u>	<u>Feb '20</u>	<u>Mar '20</u>	<u>Apr '20</u>	<u>May '20</u>	<u>Jun '20</u>	<u>Jul '20</u>	<u>Jul '19</u>	
Liabilities & Equity	Liabilities	A / P	3,193.5	3,029.4	3,013.0	2,888.5	2,949.7	2,925.7	2,844.8	3,089.3
	Return Reserve / Bad Debt Reserve	-	-	-	-	-	-	-	-	-
	Accrued Purchases	230.3	229.7	198.0	261.5	240.3	270.7	282.7	207.3	
	Convertible Notes	6,740.0	6,740.0	6,740.0	6,740.0	6,740.0	6,740.0	6,740.0	6,740.0	
	Notes Payable - Round Q	3,990.0	4,525.0	4,525.0	4,952.9	4,952.9	4,952.9	5,412.9		
	Notes Payable - Round L Part I	900.0	900.0	900.0	900.0	900.0	900.0	900.0	900.0	
	Notes Payable - Round L Part II	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	
	Notes Payable - IP Part I	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0	
	Notes Payable - IP Part II	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	
	Interest Payable	3,044.6	3,077.2	3,109.8	3,139.1	3,171.7	3,201.0	3,233.6	1,804.3	
	FICA / FUTA / SUTA	9.2	8.0	5.9	12.1	19.2	29.3	39.3	7.0	
	Accrued Wages & Benefits	102.9	95.6	74.0	57.4	65.1	83.7	84.8	91.6	
	Other	1.0	1.0	1.0	1.4	1.3	1.4	1.3	1.0	
	<b>Current Liabilities</b>		21,266.5	21,660.9	21,621.7	22,007.8	22,095.1	22,159.7	22,594.3	15,895.5
	<b>Long-Term Liabilities</b>		2,185.0	2,185.0	2,185.0	2,185.0	2,185.0	2,185.0	2,185.0	2,185.0
<b>Total Liabilities</b>		23,451.5	23,845.9	23,806.7	24,192.8	24,280.1	24,344.7	24,779.3	18,080.5	
Equity	Equity	37,905.1	37,958.8	38,012.5	38,058.1	38,112.3	38,166.5	38,220.7	39,677.1	
Retained Earnings	(56,605.3)	(56,605.3)	(56,605.3)	(56,605.3)	(56,605.3)	(56,605.3)	(56,605.3)	(56,605.3)	(47,329.7)	
Net Income (Loss)	(445.2)	(830.5)	(1,169.1)	(1,436.1)	(1,711.7)	(1,917.6)	(2,154.0)	(5,355.8)		
<b>Equity</b>		(19,145.4)	(19,477.0)	(19,761.9)	(19,983.3)	(20,204.8)	(20,356.5)	(20,538.7)	(13,008.5)	
<b>Total Liabilities &amp; Equity</b>		4,306.0	4,368.9	4,044.8	4,209.5	4,075.4	3,988.2	4,240.7	5,072.0	

[This page intentionally left blank.]

# Financial Projections

12 Month Sales Projections for three years InControl Medical, LLC										
\$10,000,000 Operating Budget, Year 1										
Month	Gross Sales	COGS	Gross Profit	Fixed Expense	Variable Expense	Internet Marketing	Television	Public Relations	Endorsers	10,000,000
Month 1	520,000	104,000	416,000	320,000	25,000	180,000	0	10,000	0	9,881,000
Month 2	650,000	130,000	520,000	330,000	50,000	210,000	250,000	10,000	250,000	9,301,000
Month 3	800,000	160,000	640,000	330,000	100,000	210,000	250,000	10,000	0	9,041,000
Month 4	1,000,000	200,000	800,000	340,000	50,000	240,000	300,000	10,000	0	8,901,000
Month 5	1,300,000	260,000	1,040,000	340,000	50,000	240,000	300,000	10,000	250,000	8,751,000
Month 6	1,600,000	320,000	1,280,000	350,000	60,000	240,000	400,000	10,000	0	8,971,000
Month 7	1,900,000	380,000	1,520,000	350,000	60,000	270,000	400,000	10,000	0	9,401,000
Month 8	2,300,000	460,000	1,840,000	350,000	70,000	270,000	400,000	10,000	250,000	9,891,000
Month 9	2,700,000	540,000	2,160,000	360,000	70,000	270,000	400,000	10,000	0	10,941,000
Month 10	3,100,000	620,000	2,480,000	360,000	70,000	300,000	400,000	10,000	0	12,281,000
Month 11	3,500,000	700,000	2,800,000	380,000	80,000	300,000	400,000	10,000	250,000	13,661,000
Month 12	4,000,000	800,000	3,200,000	380,000	80,000	300,000	400,000	10,000	0	15,691,000
<b>Totals Year 1</b>	<b>23,370,000</b>	<b>4,674,000</b>	<b>18,696,000</b>	<b>4,190,000</b>	<b>765,000</b>	<b>3,030,000</b>	<b>3,900,000</b>	<b>120,000</b>	<b>1,000,000</b>	

## 12 Month Sales Projections for three years InControl Medical, LLC

## \$10,000,000 Operating Budget, Year 2

Month	Gross Sales	COGS	Gross Profit	Fixed Expense	Variable Expense	Internet Marketing	Television	Public Relations	Endorsers	
Month 13	4,500,000	900,000	3,600,000	400,000	80,000	360,000	400,000	10,000	0	18,041,000
Month 14	5,000,000	1,000,000	4,000,000	400,000	100,000	360,000	300,000	10,000	250,000	20,621,000
Month 15	5,700,000	1,140,000	4,560,000	420,000	100,000	360,000	300,000	10,000	0	23,991,000
Month 16	6,400,000	1,280,000	5,120,000	420,000	100,000	400,000	300,000	10,000	0	27,881,000
Month 17	7,000,000	1,400,000	5,600,000	440,000	100,000	400,000	300,000	10,000	0	32,231,000
Month 18	7,800,000	1,560,000	6,240,000	440,000	100,000	400,000	300,000	10,000	0	37,221,000
Month 19	8,400,000	1,680,000	6,720,000	500,000	150,000	450,000	350,000	15,000	300,000	42,176,000
Month 20	9,000,000	1,800,000	7,200,000	500,000	150,000	450,000	350,000	15,000	0	47,911,000
Month 21	9,700,000	1,940,000	7,760,000	500,000	150,000	450,000	400,000	15,000	0	54,156,000
Month 22	10,300,000	2,060,000	8,240,000	550,000	200,000	500,000	400,000	15,000	300,000	60,431,000
Month 23	11,000,000	2,200,000	8,800,000	550,000	200,000	500,000	500,000	15,000	0	67,466,000
Month 24	11,700,000	2,340,000	9,360,000	600,000	200,000	500,000	500,000	15,000	0	75,011,000
<b>Totals Year 2</b>	<b>96,500,000</b>	<b>19,300,000</b>	<b>77,200,000</b>	<b>5,720,000</b>	<b>1,630,000</b>	<b>5,130,000</b>	<b>4,400,000</b>	<b>150,000</b>	<b>850,000</b>	

12 Month Sales Projections for three years InControl Medical, LLC

\$10,000,000 Operating Budget, Year 3

Month	Gross Sales	COGS	Gross Profit	Fixed Expense	Variable Expense	Internet Marketing	Television	Public Relations	Endorsers	
Month 25	12,300,000	2,460,000	9,840,000	600,000	250,000	550,000	500,000	15,000	300,000	82,636,000
Month 26	13,000,000	2,600,000	10,400,000	650,000	250,000	550,000	550,000	15,000	0	91,021,000
Month 27	13,600,000	2,720,000	10,880,000	650,000	250,000	550,000	550,000	15,000	0	99,886,000
Month 28	14,300,000	2,860,000	11,440,000	650,000	250,000	600,000	600,000	15,000	300,000	108,911,000
Month 29	15,000,000	3,000,000	12,000,000	700,000	250,000	600,000	600,000	15,000	0	118,746,000
Month 30	15,700,000	3,140,000	12,560,000	700,000	300,000	600,000	600,000	15,000	0	129,091,000
Month 31	16,300,000	3,260,000	13,040,000	700,000	300,000	600,000	600,000	15,000	300,000	139,616,000
Month 32	17,000,000	3,400,000	13,600,000	750,000	300,000	650,000	650,000	15,000	0	150,851,000
Month 33	17,700,000	3,540,000	14,160,000	750,000	300,000	650,000	650,000	20,000	0	162,641,000
Month 34	18,300,000	3,660,000	14,640,000	750,000	300,000	650,000	650,000	20,000	300,000	174,611,000
Month 35	19,000,000	3,800,000	15,200,000	800,000	350,000	700,000	700,000	20,000	0	187,241,000
Month 36	19,600,000	3,920,000	15,680,000	800,000	350,000	700,000	700,000	20,000	0	200,351,000
<b>Totals Year 3</b>	<b>191,800,000</b>	<b>38,360,000</b>	<b>153,440,000</b>	<b>8,500,000</b>	<b>3,450,000</b>	<b>7,400,000</b>	<b>7,350,000</b>	<b>200,000</b>	<b>1,200,000</b>	

Medicare 65+

All Expenses other than COGS covered in under 65 market

	Sales	COGS	Gross Profit	EBITDA
Year 1	9,600,000	1,920,000	7,680,000	7,680,000
Year 2	24,600,000	4,920,000	19,680,000	19,680,000
Year 3	55,800,000	11,160,000	44,640,000	44,640,000
<b>Total Year 3 EBITDA</b>	<b>86,836,000</b>			
Includes Under 65 and Medicare EBITDA				

# Historical Financials - 2019

Rolling P&L (in 000s)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2019
<b>REVENUE</b>	610.5	530.5	428.2	439.9	562.0	571.7	342.7	506.6	456.1	425.9	529.0	547.8	5,951.0
<b>COGS</b>	(281.7)	(239.4)	(246.8)	(253.8)	(275.1)	(270.9) <sup>1)</sup>	(361.7)	(267.3)	(281.0)	(234.1)	(276.5)	(299.4)	(3,287.8)
<b>GM \$</b>	328.9	291.1	181.4	186.1	287.0	300.8	(19.0)	239.3	175.1	191.8	252.5	248.4	2,663.3
<b>GM %</b>	53.9%	54.9%	42.4%	42.3%	51.1%	52.6%	-5.5%	47.2%	38.4%	45.0%	47.7%	45.3%	44.8%
<b>Consult.</b>													
CNST - Accounting	-	(19.7)	(17.7)	(30.6)									(68.0)
CNST - General	(26.5)	(27.0)	(27.4)	(17.2)	(20.0)	(3.5)	(31.4)	(18.8)	(193.5)	(194.9)	(70.7)	(62.5)	(693.3)
CNST - Clinical	-												-
CNST - Legal	(39.9)	(4.1)	(3.4)	(0.7)	(3.6)	(62.9)	(32.4)	(60.5)	(22.4)	(47.6)	(29.1)	8.1	(298.3)
CNST - Training	-							(2.8)					(2.8)
	(66.4)	(50.8)	(48.5)	(48.5)	(23.6)	(66.4)	(63.7)	(82.1)	(215.8)	(242.4)	(99.7)	(54.4)	(1,062.4)
<b>General</b>													
GEN - Automotive	(2.1)	(1.5)	(1.9)	(2.0)	(3.0)	(1.6)	(2.0)	(1.3)	(1.3)	(1.3)	(1.5)	(1.5)	(21.1)
GEN - Maintenance	(1.6)	(1.6)	(1.6)	(1.8)	(2.1)	(2.0)	(1.8)	(2.1)	(2.1)	(2.0)	(1.8)	(2.0)	(22.7)
GEN - Supplies	(3.9)	(3.7)	(6.2)	(3.6)	(4.6)	(2.4)	(3.4)	(4.3)	(3.6)	(12.8)	(3.9)	(3.8)	(56.1)
GEN - Travel	(16.6)	(0.4)	(2.1)	(3.8)	(2.9)	(2.0)	(0.5)	(0.4)	(1.5)	(1.4)	(0.5)	(0.4)	(32.5)
GEN - Postage	(11.0)	(25.3)	(23.0)	(10.0)	(21.0)	(21.0)	(15.3)	(5.5)	(10.0)	(10.0)	(8.3)	(10.8)	(171.2)
	(35.2)	(32.5)	(34.9)	(21.1)	(33.7)	(29.0)	(22.9)	(13.6)	(18.5)	(27.5)	(16.0)	(18.6)	(303.6)
<b>Ins.</b>													
INS - Health	(15.4)	(15.2)	(17.5)	(17.3)	(19.2)	(19.8)	(18.9)	(17.6)	(12.5)	(16.0)	(15.8)	(15.6)	(201.0)
INS - Other	(2.5)	(7.1)	(2.5)	(2.1)		(3.6)	(2.5)	(1.9)	(3.0)	(2.5)	(2.4)	(2.4)	(32.6)
	(17.9)	(22.3)	(20.0)	(19.4)	(19.2)	(23.5)	(21.4)	(19.5)	(15.6)	(18.6)	(18.2)	(18.0)	(233.6)
<b>OTH</b>													
OTH - Inv. Chg Acct	95.9	92.9	95.5	105.1	100.8	92.3	92.5	90.9	76.3	90.5	93.5	98.4	1,124.6
OTH - Rearch & Develop	(4.4)	(0.2)	-	-	-								(4.6)
OTH - Royalty	-												-
OTH - PerProperty Tax	-											(1.9)	(1.9)
OTH - Other	(13.6)	(22.1)	(15.4)	(16.6)	(20.8)	(9.1) <sup>2)</sup>	(52.4)	(21.6)	(25.3)	(25.4)	(27.5)	(33.6)	(283.4)
	77.8	70.5	80.1	88.6	80.0	83.2	40.0	69.3	51.1	65.1	66.0	63.0	834.7

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2019
MKT - General	(555.5)	(467.9)	(642.6)	(793.1)	(571.7)	(741.5)	(831.6)	(498.2)	(511.4)	(210.4)	(295.1)	(367.1)	(6,486.0)
MKT - Seminars	-												-
MKT - Trade Shows	(0.6)			(3.0)			3.3						(0.2)
MKT - Website	(0.7)	(1.7)	(1.0)	(2.4)	(0.6)	(3.4)	(0.9)	(0.8)	(1.2)	(0.6)	(1.0)	(1.5)	(15.9)
	(556.8)	(469.6)	(643.6)	(798.5)	(572.3)	(744.9)	(829.2)	(498.9)	(512.7)	(211.0)	(296.1)	(368.6)	(6,502.1)
PAY - Taxes	(16.9)	(14.8)	(14.6)	(17.8)	(14.5)	(12.6)	(13.6)	(13.1)	(12.6)	(12.6)	(11.9)	(14.5)	(169.4)
PAY - Salaries	(152.5)	(149.5)	(157.7)	(164.4)	(163.8)	(154.5)	(170.6)	(165.9)	(161.8)	(169.6)	(168.3)	(171.0)	(1,949.6)
PAY - Other	(0.5)	(0.1)	(8.7)	(0.2)	(0.2)	(0.2)	(0.2)	(0.3)	(0.1)	(0.2)	(0.3)	(0.1)	(11.4)
PAY - Variable Comp	(8.1)	(7.4)	(6.1)	(5.8)	(8.7)	(9.8)	(4.7)	(6.9)	(6.3)	(5.8)	(7.2)	(9.9)	(86.6)
	(178.0)	(171.8)	(187.1)	(188.3)	(187.2)	(177.2)	(189.1)	(186.2)	(180.7)	(188.2)	(187.7)	(195.5)	(2,217.0)
UTIL - Other	(1.6)	(1.5)	(1.8)	(1.4)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(16.7)
UTIL - Rent	(10.8)	(10.8)	(10.8)	(10.8)	(10.8)	(10.8)	(10.8)	(10.8)	(10.8)	(10.8)	(10.8)	(10.8)	(129.7)
UTIL - Phone	(1.5)	(1.4)	(1.8)	(1.8)	(1.6)	(1.6)	(2.1)	(0.5)	(0.4)	(0.7)	(0.7)	(0.9)	(15.1)
UTIL - Utilities	(2.7)	(2.6)	(1.9)	(1.8)	(0.8)	(1.1)	(1.5)	(1.5)	(1.3)	(1.2)	(1.7)	(2.1)	(20.1)
	(16.6)	(16.3)	(16.2)	(15.7)	(14.6)	(14.9)	(15.7)	(14.1)	(13.8)	(14.0)	(14.5)	(15.1)	(181.5)
OpEx	(793.0)	(692.8)	(870.2)	(1,002.9)	(770.6)	(972.6)	(1,102.1)	(745.2)	(906.1)	(636.5)	(566.3)	(607.2)	(9,665.5)
EBITDA	(464.2)	(401.8)	(688.8)	(816.8)	(483.6)	(671.8)	(1,121.1)	(505.9)	(731.0)	(444.7)	(313.8)	(358.9)	(7,002.3)
D&A	(14.4)	(14.7)	(14.6)	(14.6)	(14.6)	(14.6)	(14.6)	(15.0)	(14.6)	(14.6)	(14.6)	(15.9)	(176.6)
Op Income	(478.6)	(416.5)	(703.4)	(831.4)	(498.2)	(686.3)	(1,135.6)	(520.9)	(745.6)	(459.3)	(328.4)	(374.7)	(7,178.9)
Taxes													
Interest	(87.5)	(86.0)	(86.0)	(86.0)	(86.8)	(90.1)	(83.5)	(87.5)	(90.8)	(84.2)	(87.5)	(1,140.8)	(2,096.7)
Net Income	(566.1)	(502.5)	(789.4)	(917.4)	(584.9)	(776.4)	(1,219.1)	(608.4)	(836.4)	(543.5)	(415.9)	(1,515.6)	(9,275.6)

1) Inventory Reserve of \$130,000 was applied to COGS

2) Bad Debt of \$25,507 was written off, amount is entered under OTH-Other with bank fees and registration fees

Rolling Balance Sheet (000s)

		Jan '17	Feb '17	Mar '17	Apr '17	May '17	Jun '17	Jul '17	Aug '17	Sep '17	Oct '17	Nov '17	Dec '17	Dec '18
Assets	Current Assets													
	A/R													
	Cash	996.0	802.4	1,226.9	833.5	90.7	168.5	1,206.6	628.7	129.5	571.4	112.2	246.3	1,350.5
	AR	195.1	236.3	132.2	122.6	184.8	239.0	73.6	139.2	74.5	17.9	163.3	145.8	164.1
	Member Receivable	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
	Investments	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
	Loan Receivable - Employee	25.2	25.2	25.2	25.4	25.5	26.1	25.9	25.9	25.6	35.0	32.2	26.2	25.8
	<b>A R</b>	<b>240.8</b>	<b>282.0</b>	<b>197.9</b>	<b>168.5</b>	<b>230.8</b>	<b>285.6</b>	<b>120.0</b>	<b>185.6</b>	<b>120.6</b>	<b>73.4</b>	<b>216.0</b>	<b>192.5</b>	<b>210.4</b>
	Inventory - Materials	1,290.7	1,276.7	1,227.9	1,296.4	1,278.9	1,261.0	1,156.5	1,182.0	1,200.2	1,200.9	1,185.3	1,239.7	1,369.8
	Inventory - Finished Goods	47.2	50.4	76.2	118.7	119.8	102.6	125.2	126.0	110.7	111.4	64.9	41.1	58.1
	Prepays	237.3	238.5	239.7	241.5	244.4	248.6	295.3	261.4	307.2	326.4	332.9	269.0	227.9
	<b>Other Current</b>	<b>1,575.19</b>	<b>1,565.67</b>	<b>1,543.77</b>	<b>1,656.64</b>	<b>1,643.20</b>	<b>1,612.19</b>	<b>1,576.89</b>	<b>1,569.46</b>	<b>1,618.10</b>	<b>1,638.77</b>	<b>1,583.07</b>	<b>1,549.79</b>	<b>1,655.77</b>
	<b>Current Assets</b>	<b>2,812.0</b>	<b>2,650.0</b>	<b>2,968.5</b>	<b>2,658.6</b>	<b>1,964.7</b>	<b>2,066.3</b>	<b>2,903.4</b>	<b>2,383.8</b>	<b>1,868.2</b>	<b>2,283.6</b>	<b>1,911.2</b>	<b>1,988.5</b>	<b>3,216.7</b>
	Fixed Assets													
	Fixed Assets													
	Leasehold Improvements	43.8	43.8	43.8	43.8	43.8	43.8	43.8	43.8	43.8	43.8	43.8	43.8	43.8
	Office Furniture & Fixtures	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2
	Computer Equipment	51.1	51.1	51.1	51.1	51.1	51.1	51.1	51.1	51.1	51.1	51.1	51.1	51.1
	Tooling & Molds	888.0	906.9	906.9	906.9	906.9	906.9	906.9	914.1	914.1	914.1	914.1	915.1	888.0
	Intangible Assets	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
Patents	431.2	431.2	431.2	431.2	431.2	431.2	431.2	431.2	431.2	431.2	431.2	466.8	431.2	
<b>Fixed Assets</b>	<b>2,508.4</b>	<b>2,527.2</b>	<b>2,527.2</b>	<b>2,527.2</b>	<b>2,527.2</b>	<b>2,527.2</b>	<b>2,527.2</b>	<b>2,534.4</b>	<b>2,534.4</b>	<b>2,534.4</b>	<b>2,534.4</b>	<b>2,571.0</b>	<b>2,508.4</b>	
Accum. Depr.														
Leasehold Improvements	(43.8)	(43.8)	(43.8)	(43.8)	(43.8)	(43.8)	(43.8)	(43.8)	(43.8)	(43.8)	(43.8)	(43.8)	(43.8)	
Office Furniture & Fixtures	(92.0)	(92.1)	(92.1)	(92.2)	(92.3)	(92.4)	(92.4)	(92.5)	(92.6)	(92.7)	(92.7)	(92.8)	(91.9)	
Computer Equipment	(47.8)	(47.9)	(48.1)	(48.2)	(48.3)	(48.4)	(48.6)	(48.7)	(48.8)	(49.0)	(49.1)	(49.2)	(47.7)	
Tooling & Molds	(679.4)	(685.9)	(692.3)	(698.7)	(705.1)	(711.5)	(717.9)	(724.8)	(731.3)	(737.7)	(744.2)	(750.7)	(673.2)	
Amortization	(703.2)	(711.1)	(719.1)	(727.0)	(735.0)	(742.9)	(750.9)	(758.9)	(766.8)	(774.8)	(782.7)	(791.8)	(695.2)	
<b>Accum. Depr</b>	<b>(1,566.2)</b>	<b>(1,580.9)</b>	<b>(1,595.4)</b>	<b>(1,610.0)</b>	<b>(1,624.5)</b>	<b>(1,639.1)</b>	<b>(1,653.6)</b>	<b>(1,668.7)</b>	<b>(1,683.3)</b>	<b>(1,697.9)</b>	<b>(1,712.5)</b>	<b>(1,728.4)</b>	<b>(1,551.8)</b>	
<b>Fixed Assets</b>	<b>942.2</b>	<b>946.3</b>	<b>931.8</b>	<b>917.2</b>	<b>902.7</b>	<b>888.1</b>	<b>873.6</b>	<b>865.7</b>	<b>851.1</b>	<b>836.5</b>	<b>821.9</b>	<b>842.6</b>	<b>956.6</b>	
Advance to Member	1,197.0	1,212.0	1,227.0	1,250.0	1,265.0	1,280.0	1,295.0	1,295.0	1,295.0	1,295.0	1,295.0	1,295.0	1,182.0	
<b>Long-Term Assets</b>	<b>1,197.0</b>	<b>1,212.0</b>	<b>1,227.0</b>	<b>1,250.0</b>	<b>1,265.0</b>	<b>1,280.0</b>	<b>1,295.0</b>	<b>1,295.0</b>	<b>1,295.0</b>	<b>1,295.0</b>	<b>1,295.0</b>	<b>1,295.0</b>	<b>1,182.0</b>	
<b>Total Assets</b>	<b>4,951.2</b>	<b>4,808.4</b>	<b>5,127.3</b>	<b>4,825.8</b>	<b>4,132.4</b>	<b>4,234.5</b>	<b>5,072.0</b>	<b>4,544.5</b>	<b>4,014.3</b>	<b>4,415.1</b>	<b>4,028.1</b>	<b>4,126.1</b>	<b>5,355.3</b>	



# Historical Financials - 2017 & 2018

Rolling P&L (in 000s)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2018	YTD 2017
<b>REVENUE</b>	393.9	503.6	532.1	395.9	606.0	511.5	504.6	457.0	406.5	480.0	413.2	437.0	5,641.4	2,609.6
<b>COGS</b>	(215.0)	(260.7)	(276.5)	(263.5)	(278.5)	(250.3)	(236.3)	(233.1)	(197.8)	(241.2)	(212.4)	(222.8)	(2,888.3)	(1,672.3)
<b>GM \$</b>	178.9	242.9	255.6	132.4	327.5	261.2	268.2	223.9	208.7	238.8	200.8	214.2	2,753.1	937.2
<b>GM %</b>	45.4%	48.2%	48.0%	33.4%	54.0%	51.1%	53.2%	49.0%	51.3%	49.7%	48.6%	49.0%	48.8%	35.9%
<b>Consult.</b>														
CNST - Accounting	-	(10.3)	(13.0)	(9.4)	-	-	-	-	-	-	-	-	(32.7)	(34.9)
CNST - General	(18.1)	(17.4)	(6.3)	39.1	(30.0)	(16.3)	(6.1)	(15.0)	(6.6)	(5.6)	(2.8)	(9.6)	(94.7)	(258.2)
CNST - Clinical	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CNST - Legal	(6.8)	(10.2)	(12.0)	(7.2)	(16.0)	(15.8)	(13.6)	(13.6)	(28.1)	(50.2)	(46.4)	16.2	(203.5)	(234.9)
CNST - Training	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.7)
	(24.9)	(37.9)	(31.3)	22.5	(45.9)	(32.1)	(19.7)	(28.6)	(34.7)	(55.8)	(49.2)	6.5	(330.9)	(529.8)
<b>General</b>														
GEN - Automotive	(2.7)	(1.8)	(2.8)	(3.1)	(3.0)	(2.2)	(2.6)	(2.6)	(2.8)	(2.1)	(3.1)	(1.7)	(30.5)	(23.8)
GEN - Maintenance	(1.6)	(1.7)	(1.6)	(2.7)	(1.6)	(2.7)	(2.6)	(1.6)	(1.6)	(1.6)	(1.8)	(2.0)	(23.1)	(24.6)
GEN - Supplies	(4.6)	(4.1)	(4.8)	(6.2)	(2.6)	(3.4)	(3.6)	(2.9)	(3.3)	(2.8)	(5.2)	(4.8)	(48.4)	(43.8)
GEN - Travel	(2.3)	(1.8)	(1.2)	(1.8)	(1.4)	(2.7)	(3.7)	(1.0)	(4.6)	(7.2)	(5.3)	(6.8)	(39.8)	(32.6)
GEN - Postage/Shipping	(4.1)	(4.8)	(8.7)	(11.9)	(8.3)	(18.6)	(18.3)	(16.5)	(16.0)	(14.0)	(16.1)	(16.0)	(153.4)	(31.9)
	(15.4)	(14.1)	(19.2)	(25.7)	(16.9)	(29.6)	(30.8)	(24.7)	(28.4)	(27.8)	(31.5)	(31.3)	(295.2)	(156.7)
<b>Ins.</b>														
INS - Health	(13.5)	(13.6)	(18.1)	(17.9)	(17.9)	(17.0)	(15.0)	(15.6)	(15.5)	(16.2)	(14.9)	(13.0)	(188.3)	(143.3)
INS - Other	(2.4)	(2.4)	(3.3)	(1.0)	(1.0)	(2.5)	(3.8)	(2.5)	(2.5)	(2.5)	(1.4)	(2.2)	(27.3)	(25.5)
	(15.8)	(15.9)	(21.4)	(18.9)	(18.9)	(19.5)	(18.7)	(18.1)	(18.0)	(18.7)	(16.3)	(15.2)	(215.6)	(168.7)
<b>OTH</b>														
OTH - Inv. Chg Acct	70.0	81.0	93.7	87.2	86.7	85.5	83.4	84.7	82.2	86.7	84.1	88.7	1,014.0	686.2
OTH - Rearch & Develop	(62.4)	(88.9)	(58.0)	(10.2)	(14.8)	(200.6)	(79.8)	(8.7)	(6.7)	(8.4)	(17.8)	(2.6)	(558.8)	-
OTH - Royalty	-	-	-	(0.3)	(0.1)	(0.1)	-	-	-	-	-	-	(0.5)	-
OTH - PerProperty Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	(6.9)
OTH - Other	(12.7)	(14.0)	(9.1)	(18.2)	(9.4)	(19.5)	(16.2)	(15.7)	(11.4)	(13.2)	(25.8)	(15.3)	(180.4)	(90.0)
	(5.1)	(21.8)	26.6	58.5	62.4	(134.7)	(12.5)	60.3	64.1	65.2	40.5	70.7	274.3	589.3

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2018	YTD 2017
MKT - General	(306.1)	(326.3)	(395.0)	(341.3)	(355.9)	(277.2)	(398.0)	(162.9)	(419.3)	(409.9)	(491.6)	(425.8)	(4,309.3)	(3,584.0)
MKT - Seminars	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MKT - Trade Shows	-	-	-	-	-	-	(4.1)	(3.4)	(4.0)	(10.0)	(0.7)	(4.3)	(26.6)	(5.4)
MKT - Website	(1.0)	(1.0)	(1.6)	(1.1)	(1.5)	(1.3)	(0.9)	(0.7)	(0.8)	(1.6)	(0.7)	(1.4)	(13.5)	(144.5)
	(307.1)	(327.3)	(396.7)	(342.4)	(357.3)	(278.5)	(403.0)	(167.0)	(424.1)	(421.4)	(493.0)	(431.5)	(4,349.4)	(3,733.9)
PAY - Taxes	(20.0)	(17.6)	(19.1)	(16.2)	(16.3)	(14.7)	(13.2)	(12.4)	(11.1)	(9.9)	(9.1)	(13.5)	(172.9)	(118.8)
PAY - Salaries	(127.4)	(131.7)	(156.2)	(164.1)	(157.0)	(154.2)	(154.0)	(154.8)	(142.4)	(150.6)	(138.2)	(158.8)	(1,789.5)	(1,186.8)
PAY - Other	(0.0)	(0.1)	(0.2)	-	-	-	(0.1)	(0.2)	(0.2)	(0.3)	(0.2)	(0.2)	(1.6)	(2.8)
PAY - Variable Comp	(31.9)	(37.1)	(44.9)	(34.8)	(40.0)	(29.8)	(13.1)	(5.9)	(5.4)	(6.8)	(6.8)	(6.5)	(263.0)	(173.5)
	(179.3)	(186.4)	(220.4)	(215.0)	(213.3)	(198.6)	(180.4)	(173.4)	(159.1)	(167.7)	(154.3)	(179.0)	(2,227.0)	(1,481.9)
UTIL - Other	(1.6)	(1.6)	(1.6)	(5.0)	(1.6)	(1.8)	(1.6)	(2.1)	(1.9)	(1.6)	(1.5)	(1.4)	(23.4)	(20.1)
UTIL - Rent	(11.7)	(11.7)	(11.7)	(11.7)	(11.7)	(11.7)	(11.7)	(11.7)	(11.7)	(11.7)	(11.7)	(11.7)	(140.1)	(114.0)
UTIL - Phone	(1.3)	(1.8)	(1.3)	(1.2)	(1.5)	(1.1)	(1.7)	(1.6)	(1.3)	(1.4)	(1.2)	(1.5)	(17.0)	(17.5)
UTIL - Utilities	(2.8)	(2.5)	(2.0)	(2.0)	(1.4)	(1.3)	(1.5)	(1.5)	(1.4)	(1.2)	(1.5)	(2.3)	(21.4)	(19.0)
	(17.4)	(17.6)	(16.6)	(19.9)	(16.2)	(16.0)	(16.5)	(16.8)	(16.2)	(15.9)	(15.9)	(17.0)	(201.9)	(170.6)
OpEx	(565.0)	(621.1)	(679.0)	(541.0)	(606.2)	(708.9)	(681.7)	(368.2)	(616.4)	(642.1)	(719.6)	(596.6)	(7,345.8)	(5,652.3)
EBITDA	(386.1)	(378.2)	(423.4)	(408.5)	(278.7)	(447.8)	(413.4)	(144.3)	(407.7)	(403.3)	(518.8)	(382.4)	(4,592.7)	(4,715.1)
D&A	(13.2)	(13.2)	(13.2)	(13.9)	(13.4)	(13.4)	(17.2)	(14.1)	(14.5)	(14.3)	(15.4)	(13.3)	(168.9)	(169.3)
Op Income	(399.3)	(391.4)	(436.5)	(422.4)	(292.0)	(461.1)	(430.6)	(158.4)	(422.2)	(417.5)	(534.3)	(395.8)	(4,761.6)	(4,884.4)
Taxes														
Interest	(84.2)	(86.0)	(86.0)	(83.2)	(86.8)	(86.8)	(87.2)	(87.3)	(87.3)	(84.6)	(87.5)	(87.5)	(1,034.4)	(1,047.0)
Net Income	(483.5)	(477.4)	(522.6)	(505.7)	(378.8)	(547.9)	(517.8)	(245.7)	(509.5)	(502.2)	(621.8)	(483.3)	(5,796.0)	(5,931.4)

\*\* Please see attached 4th quarter note from Buzz Peddicord

Rolling Balance Sheet (000s)

		Jan '18	Feb '18	Mar '18	Apr '18	May '18	Jun '18	Jul '18	Aug '18	Sep '18	Oct '18	Nov '18	Dec '18	Dec '17
Assets	Current Assets													
	A / R													
	Cash	113.9	118.6	139.7	105.2	(22.5)	367.2	220.2	318.9	187.2	2,494.6	2,154.7	1,350.5	322.3
	AR	24.2	132.3	125.0	44.1	217.5	248.7	173.1	142.6	221.0	215.5	154.1	164.1	153.7
	Member Receivable	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
	Investments	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
	Loan Receivable - Employee	27.7	27.2	26.5	25.6	24.9	24.4	24.9	24.4	25.5	25.2	26.2	25.8	28.3
	<b>A R</b>	<b>72.4</b>	<b>180.0</b>	<b>172.0</b>	<b>90.2</b>	<b>262.8</b>	<b>293.6</b>	<b>218.5</b>	<b>187.5</b>	<b>267.0</b>	<b>261.2</b>	<b>200.8</b>	<b>210.4</b>	<b>202.5</b>
	Inventory - Materials	1,110.0	1,108.8	1,126.3	1,140.0	1,205.4	1,196.4	1,248.8	1,282.5	1,281.1	1,307.3	1,367.6	1,369.8	1,120.0
	Inventory - Finished Goods	76.7	72.4	61.5	71.0	47.3	54.5	57.4	85.5	92.1	84.1	67.1	58.1	76.9
	Prepays	191.0	191.0	195.7	205.6	207.4	213.7	221.0	225.0	221.8	224.5	226.0	227.9	188.5
	<b>Other Current</b>	<b>1,377.75</b>	<b>1,372.12</b>	<b>1,383.53</b>	<b>1,416.57</b>	<b>1,460.19</b>	<b>1,464.55</b>	<b>1,527.19</b>	<b>1,592.95</b>	<b>1,594.94</b>	<b>1,615.92</b>	<b>1,660.64</b>	<b>1,655.77</b>	<b>1,385.40</b>
	<b>Current Assets</b>	<b>1,564.0</b>	<b>1,670.7</b>	<b>1,695.3</b>	<b>1,612.0</b>	<b>1,700.5</b>	<b>2,125.4</b>	<b>1,965.8</b>	<b>2,099.3</b>	<b>2,049.1</b>	<b>4,371.7</b>	<b>4,016.2</b>	<b>3,216.7</b>	<b>1,910.2</b>
	Fixed Assets													
	Fixed Assets													
	Leasehold Improvements	43.8	43.8	43.8	43.8	43.8	43.8	43.8	43.8	43.8	43.8	43.8	43.8	43.8
	Office Furniture & Fixtures	92.2	92.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	92.2
	Computer Equipment	47.8	47.8	51.1	51.1	51.1	51.1	51.1	51.1	51.1	51.1	51.1	51.1	47.8
	Tooling & Molds	761.9	761.9	795.1	815.2	815.2	817.3	852.5	854.7	861.9	865.3	884.4	888.0	733.4
	Intangible Assets	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
Patents	392.1	392.1	392.1	392.1	392.1	392.1	392.1	392.1	392.1	392.1	392.1	431.2	392.1	
<b>Fixed Assets</b>	<b>2,337.8</b>	<b>2,337.8</b>	<b>2,376.3</b>	<b>2,396.4</b>	<b>2,396.4</b>	<b>2,398.4</b>	<b>2,433.7</b>	<b>2,435.9</b>	<b>2,443.1</b>	<b>2,446.4</b>	<b>2,465.6</b>	<b>2,508.4</b>	<b>2,309.3</b>	
Accum. Depr.														
Leasehold Improvements	(43.5)	(43.5)	(43.5)	(43.6)	(43.6)	(43.6)	(43.6)	(43.7)	(43.7)	(43.7)	(43.8)	(43.8)	(43.4)	
Office Furniture & Fixtures	(88.5)	(88.9)	(89.2)	(89.5)	(89.8)	(90.1)	(90.4)	(90.7)	(91.0)	(91.3)	(91.6)	(91.9)	(88.2)	
Computer Equipment	(46.8)	(46.8)	(46.9)	(47.0)	(47.1)	(47.2)	(47.3)	(47.3)	(47.4)	(47.5)	(47.6)	(47.7)	(46.7)	
Tooling & Molds	(608.4)	(613.5)	(618.5)	(624.2)	(629.4)	(634.6)	(643.7)	(649.6)	(655.9)	(662.0)	(669.3)	(673.2)	(603.4)	
Amortization	(608.9)	(616.6)	(624.3)	(632.1)	(639.8)	(647.5)	(655.3)	(663.0)	(670.7)	(678.5)	(686.2)	(695.2)	(601.1)	
<b>Accum. Depr</b>	<b>(1,396.0)</b>	<b>(1,409.2)</b>	<b>(1,422.4)</b>	<b>(1,436.3)</b>	<b>(1,449.7)</b>	<b>(1,463.0)</b>	<b>(1,480.2)</b>	<b>(1,494.3)</b>	<b>(1,508.8)</b>	<b>(1,523.0)</b>	<b>(1,538.5)</b>	<b>(1,551.8)</b>	<b>(1,382.9)</b>	
<b>Fixed Assets</b>	<b>941.7</b>	<b>928.5</b>	<b>953.8</b>	<b>960.1</b>	<b>946.7</b>	<b>935.4</b>	<b>953.5</b>	<b>941.6</b>	<b>934.3</b>	<b>923.4</b>	<b>927.1</b>	<b>956.6</b>	<b>926.4</b>	
Advance to Member	1,017.0	1,032.0	1,047.0	1,062.0	1,077.0	1,092.0	1,107.0	1,122.0	1,137.0	1,152.0	1,167.0	1,182.0	1,002.0	
<b>Long-Term Assets</b>	<b>1,017.0</b>	<b>1,032.0</b>	<b>1,047.0</b>	<b>1,062.0</b>	<b>1,077.0</b>	<b>1,092.0</b>	<b>1,107.0</b>	<b>1,122.0</b>	<b>1,137.0</b>	<b>1,152.0</b>	<b>1,167.0</b>	<b>1,182.0</b>	<b>1,002.0</b>	
<b>Total Assets</b>	<b>3,522.8</b>	<b>3,631.3</b>	<b>3,696.1</b>	<b>3,634.0</b>	<b>3,724.2</b>	<b>4,152.7</b>	<b>4,026.3</b>	<b>4,162.9</b>	<b>4,120.4</b>	<b>6,447.1</b>	<b>6,110.4</b>	<b>5,355.3</b>	<b>3,838.6</b>	

		Jan '18	Feb '18	Mar '18	Apr '18	May '18	Jun '18	Jul '18	Aug '18	Sep '18	Oct '18	Nov '18	Dec '18	Dec '17		
Liabilities & Equity	Liabilities	A / P	1,861.7	1,832.2	2,027.2	2,123.0	2,126.0	2,308.7	2,533.4	2,317.7	2,270.3	2,207.4	2,412.3	2,025.5	1,831.7	
		Return Reserve / Bad Debt Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Accrued Purchases	242.2	270.3	133.4	150.6	256.8	137.1	231.4	248.9	186.5	192.3	192.7	207.6	199.9	
		Convertible Notes	6,740.0	6,740.0	6,740.0	6,740.0	6,740.0	6,740.0	6,740.0	6,740.0	6,740.0	6,740.0	6,740.0	6,740.0	6,740.0	
		Notes Payable - Round L Part I	900.0	900.0	900.0	900.0	900.0	900.0	900.0	900.0	900.0	900.0	900.0	900.0	900.0	
		Notes Payable - Round L Part II	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	
		Notes Payable - IP Part I	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0	
		Notes Payable - IP Part II	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	
		Interest Payable	1,243.5	1,275.9	1,305.0	1,334.6	1,367.1	1,396.4	1,429.0	1,461.6	1,490.9	1,520.9	1,553.7	1,583.2	1,214.0	
		RICA / FUTA / SUTA	11.5	9.7	11.3	9.3	9.7	8.2	7.3	6.5	5.5	5.3	4.5	9.3	12.9	
		Accrued Wages & Benefits	93.3	95.9	110.5	97.1	109.2	97.5	86.6	79.0	73.6	79.7	72.3	84.1	81.2	
		Other	1.6	2.0	2.4	2.7	3.3	3.8	1.2	1.5	0.8	1.2	1.6	0.9	1.1	
		<b>Current Liabilities</b>	<b>14,148.8</b>	<b>14,181.0</b>	<b>14,284.8</b>	<b>14,412.2</b>	<b>14,567.0</b>	<b>14,646.8</b>	<b>14,983.9</b>	<b>14,810.3</b>	<b>14,722.6</b>	<b>14,701.8</b>	<b>14,932.1</b>	<b>14,605.6</b>	<b>14,035.8</b>	
		<b>Long-Term Liabilities</b>	<b>2,185.0</b>	<b>2,185.0</b>												
		<b>Total Liabilities</b>	<b>16,333.8</b>	<b>16,366.0</b>	<b>16,469.8</b>	<b>16,597.2</b>	<b>16,752.0</b>	<b>16,831.8</b>	<b>17,168.9</b>	<b>16,995.3</b>	<b>16,907.6</b>	<b>16,886.8</b>	<b>17,117.1</b>	<b>16,790.6</b>	<b>16,220.8</b>	
		Equity	Equity	29,206.2	29,759.8	30,243.5	30,559.7	30,873.9	31,770.5	31,824.7	32,380.6	32,935.3	35,785.0	35,839.7	35,894.4	29,151.5
			Retained Earnings	(41,533.7)	(41,533.7)	(41,533.7)	(41,533.7)	(41,533.7)	(41,533.7)	(41,533.7)	(41,533.7)	(41,533.7)	(41,533.7)	(41,533.7)	(41,533.7)	(35,600.0)
Net Income (Loss)	(483.5)		(960.9)	(1,483.5)	(1,989.2)	(2,367.9)	(2,915.8)	(3,433.6)	(3,679.3)	(4,188.8)	(4,691.0)	(5,312.7)	(5,796.0)	(5,933.7)		
<b>Equity</b>	<b>(12,811.0)</b>		<b>(12,734.8)</b>	<b>(12,773.7)</b>	<b>(12,963.2)</b>	<b>(13,027.8)</b>	<b>(12,679.0)</b>	<b>(13,142.6)</b>	<b>(12,832.4)</b>	<b>(12,787.2)</b>	<b>(10,439.7)</b>	<b>(11,006.8)</b>	<b>(11,435.4)</b>	<b>(12,382.2)</b>		
<b>Total Liabilities &amp; Equity</b>	<b>3,522.8</b>		<b>3,631.3</b>	<b>3,696.1</b>	<b>3,634.0</b>	<b>3,724.2</b>	<b>4,152.7</b>	<b>4,026.3</b>	<b>4,162.9</b>	<b>4,120.4</b>	<b>6,447.1</b>	<b>6,110.4</b>	<b>5,355.3</b>	<b>3,838.6</b>		

\*\* Please see attached 4th quarter note from Buzz Peddicord

# CAPITALIZATION & DEBT SUMMARY

	Face Amount	Pay-Off Amount @ 3/31/21	Common Units	Pro Forma	
				Round T	
				Preferred Units	
	(\$Rounded)	(\$Rounded)	(Rounded)	(\$Rounded)	(Units)
<b>Debt</b>					
Secured Credit Card Line	\$200,000	\$200,000	N/A	\$200,000	N/A
12% Round L Senior Notes	\$955,000	\$1,075,000	795,000	\$1,075,000	N/A
4% IP Notes	\$3,000,000	\$3,760,000	N/A	\$3,760,000	N/A
Round R 10% Convertible Bridge Notes	\$1,135,000	\$1,275,000	N/A	\$1,275,000	N/A
Round S 10% Convertible Bridge Notes	\$180,000	\$187,000	N/A	\$0	N/A
Round H Convertible Notes	\$6,740,000	\$8,120,000	N/A	\$8,120,000	N/A
Deferred Professional Fees Note (estimated)	\$2,250,000	\$2,350,000	N/A	\$2,000,000	N/A
<i>Subtotal</i>	<i>\$14,460,000</i>	<i>\$16,997,000</i>	<i>795,000</i>	<i>\$16,430,000</i>	<i>N/A</i>
<b>Preferred Equity</b>					
Round T (New Money)	N/A	N/A	N/A	\$5,000,000	25,000,000
Converted Round Q Notes	N/A	N/A	N/A	\$9,830,000	49,150,000
<i>Subtotal</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>\$14,830,000</i>	<i>74,150,000</i>
<b>Common Equity – Actual Units Outstanding</b>					
Herschel “Buzz” Peddicord	\$1,000,000 (IP)	N/A	2,200,000	\$1,000,000	N/A
Board Members/Advisors	\$22,000,000	N/A	99,500,000	\$22,000,000	N/A
Other Investors	\$8,000,000	N/A	34,700,000	\$8,000,000	N/A
<i>Subtotal</i>	<i>\$31,000,000</i>	<i>N/A</i>	<i>136,400,000</i>	<i>\$31,000,000</i>	<i>N/A</i>
<b>Totals</b>	<b>\$45,460,000</b>	<b>\$16,997,000</b>	<b>137,195,000</b>	<b>\$62,260,000</b>	<b>74,150,000</b>

[This page intentionally left blank.]

# SUBSCRIPTION AGREEMENT & INVESTOR SUITABILITY QUESTIONNAIRE

---

**InControl Medical, LLC**

3225 Gateway Road, Suite 250, Brookfield, WI 53045

## **SUBSCRIPTION DOCUMENTATION BOOKLET**

InControl Medical, LLC  
A Wisconsin Limited Liability Company

THIS SUBSCRIPTION BOOKLET HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF PROSPECTIVE INVESTORS IN INCONTROL MEDICAL, LLC, AND CONSTITUTES AN OFFER ONLY TO THE PROSPECTIVE INVESTOR TO WHOM IT WAS DELIVERED. DISTRIBUTION OF THIS SUBSCRIPTION BOOKLET TO ANY PERSON OTHER THAN SUCH PROSPECTIVE INVESTOR AND THOSE PERSONS RETAINED TO ADVISE IT WITH RESPECT TO THE INVESTMENT IS UNAUTHORIZED.

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. NO PUBLIC MARKET EXISTS WITH RESPECT TO MEMBERSHIP UNITS OFFERED HEREBY, AND NO ASSURANCES ARE GIVEN THAT ANY SUCH MARKET WILL DEVELOP. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD.

THE SECURITIES DESCRIBED IN THIS OFFERING MEMORANDUM HAVE NOT BEEN REGISTERED WITH OR APPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION"), NOR HAS THE COMMISSION OR ANY APPLICABLE STATE OR OTHER JURISDICTION'S SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. NONE OF THE SECURITIES MAY BE RESOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS THE TRANSACTION EFFECTING SUCH DISPOSITION IS REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR AN EXEMPTION THEREFROM IS AVAILABLE AND THE COMPANY RECEIVES AN OPINION OF COUNSEL ACCEPTABLE TO IT THAT SUCH REGISTRATION IS NOT REQUIRED PURSUANT TO SUCH EXEMPTION.

This booklet contains documents that must be read, executed and returned if you wish to invest in InControl Medical, LLC, a Wisconsin limited liability company (the "Company"). You should consult with an attorney, accountant, investment advisor or other advisor regarding an investment in the Company and its suitability for you.

Instructions for subscription and executable subscription documents are enclosed.

## **SUBSCRIPTION INSTRUCTIONS**

If you decide to invest, please fill out, sign and return the documents pertinent to you, as listed under each of the headings below.

**For individuals** the documents to be returned are:

- the execution page of the attached Subscription Agreement;
- the Suitability Statement for individuals;
- the execution page of the Operating Agreement (if a joinder agreement is provided)

**For entities** the documents to be returned are:

- the execution page of the Subscription Agreement;
- the Suitability Statement for entities;
- whichever of Exhibits A (for partnerships and limited liability companies), B (for custodians, trustees and agents) or C (for corporations commonly referred to as S corporations) to the Subscription Agreement is relevant to you;
- the execution page of the Operating Agreement (if a joinder agreement is provided)

## **WHAT THIS BOOKLET CONTAINS**

### **1. A Subscription Agreement and Suitability Statements:**

The Subscription Agreement is the document by which you agree to subscribe for and purchase your limited liability company membership unit(s) in the Company (your "Interest" or "Unit(s)").

The Suitability Statements, which are incorporated in the Subscription Agreement and therefore are part of that agreement, are important and must be completed by each investor. Please read this section carefully.

Individuals should initial their answer to each of the questions in the Suitability Statement and also fill out and sign the execution page to the Subscription Agreement.

Entities should initial their answer to each of the questions in the Suitability Statement and also fill out and sign the execution page to the Subscription Agreement. Investors that are entities must also complete whichever one of the following Exhibits to the Subscription Agreement is relevant to them:

a.If the Investor is a partnership or limited liability company, please include a copy of the partnership’s governing instruments and a completed Exhibit A in the documents to be returned.

b.If the Investor is a custodian, trustee, or agent, please include a copy of the trust or other instrument and a completed Exhibit B in the documents to be returned.

c.If the investor is a corporation, please include a copy of the corporation’s governing instruments, executed resolutions of the corporation’s Board of Directors as specified in Exhibit C, and a completed Exhibit C in the documents to be returned.

## **2. A copy of the Operating Agreement**

Investors must sign one copy of the Operating Agreement signature page if a separate joinder agreement is provided by the Company. Investors should note that this Subscription Agreement does engage in joinder of the Investor to the Operating Agreement as a Member should the Company accept the subscription. The form of the Operating Agreement is contained in its entirety as an Exhibit in the Private Placement Memorandum; there is no need to return the entire document to the Company.

## **PRIVATE PLACEMENT MEMORANDUM**

### **PLEASE CAREFULLY REVIEW THESE SUBSCRIPTION DOCUMENTS AND THE COMPANY’S RELATED PRIVATE PLACEMENT MEMORANDUM.**

YOU SHOULD HAVE RECEIVED AND REVIEWED A PRIVATE PLACEMENT MEMORANDUM (THE “PPM”, OR “MEMORANDUM”) THAT CONTAINS INFORMATION ABOUT THIS OFFERING. AFTER YOU HAVE RECEIVED AND REVIEWED THE PPM, HAVE HAD AN OPPORTUNITY TO ASK QUESTIONS AND RECEIVE ANSWERS CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING AND TO OBTAIN ANY ADDITIONAL INFORMATION YOU REQUIRE CONCERNING THIS OFFERING AND HAVE DECIDED TO SUBSCRIBE FOR AND PURCHASE THE SECURITIES, YOU MUST COMPLETE THE SUBSCRIPTION AGREEMENT AND VERIFY THAT YOU ARE QUALIFIED TO BECOME AN INVESTOR. THE COMPANY’S MANAGER WILL REVIEW THIS INFORMATION AND WILL DETERMINE WHETHER YOU MEET THE QUALIFICATION AND SUITABILITY REQUIREMENTS FOR INVESTING IN THE COMPANY.

BY EXECUTING THE SUBSCRIPTION AGREEMENT, AS WELL AS THE SIGNATURE PAGE TO THE OPERATING AGREEMENT SHOULD IT BE PROVIDED, EACH INVESTOR IS AGREEING TO BE BOUND BY THE TERMS OF THE SUBSCRIPTION AGREEMENT AND THE OPERATING AGREEMENT.

## **SUBSCRIPTION PROCEDURE**

The Company is offering up to \$12,500,000 of Preferred Membership Units in the Company at a price of \$0.20 per Unit. Each investor must subscribe for a minimum dollar amount equal to at least \$12,500 although the Manager may, in its sole discretion, waive this minimum. The Manager may, in its sole discretion, reject a proposed investment or limit the number of Membership Units to be purchased by an investor.

Checks for subscriptions to Membership Units offered hereunder should be made payable to InControl Medical, LLC and subscription funds shall be received directly by the Company.

The Company will notify each investor of the Company's acceptance or rejection of such investor's subscription after receipt and review of all documentation. If the Company does not accept your subscription, the escrow agent and/or the Company will return your subscription funds and the Company will return your subscription agreement.

### **Subscription Amount**

Your subscription amount should be either mailed or wired. All subscription documentation must be sent as follows:

### **Investor Web Portal**

The Company has deployed an investor web portal to handle investment memorandum access, and the subscription process. This web portal is located at [invest.incontrolmedical.com](http://invest.incontrolmedical.com).

Investors may also send all documents, checks and money orders to:

Attention: Private Placement Subscriptions  
InControl Medical, LLC Security Acct.  
C/o Foley & Lardner LLP, Attn: David Seno.  
777 E. Wisconsin Avenue, Milwaukee, WI 53202  
262-373-0422

Investors interested in wiring funds for subscription of Units should contact the Company for wiring instructions.

## **REGULATION D RULE 506(C) INVESTOR VERIFICATION STANDARDS AND PROTOCOLS**

In purchasing securities through this Offering, the Company is obligated to verify your status as an accredited investor in accordance with Rule 501 of Regulation D. There are three primary methods the Company may employ to comply with the verification standards. Investors in this offering will need to provide the Company with verification that meets the standards and form using one or multiple methods as listed below:

**Income:** The Company may verify an individual's status as an accredited investor on the basis of income by reviewing copies of any IRS form that reports net income, such as Forms W-2 or 1099 (which are typically filed by an employer or other third party payor), or Forms 1040 filed by the prospective purchaser (with non-relevant information permitted to be redacted). Under this method, the Company must review IRS forms for the two most recent years and obtain a written representation from the prospective purchaser that he or she has a reasonable expectation of attaining the necessary income level for the current year. Where accredited investor status is based on joint income with the person's spouse, the IRS forms and representation must be provided with respect to both the purchaser and the spouse.

**Net Worth:** Under this method, the Company will need to review bank or brokerage statements or third-party appraisal reports to verify the purchaser's assets and a credit report to verify liabilities, in each case dated within the prior three months, and will need to obtain a written representation from the prospective purchaser that all liabilities have been disclosed. Where accredited investor status is based on joint net worth with the person's spouse, the asset and liability documentation and representation must be provided with respect to both the purchaser and the spouse.

**Reliance on Determination by Specified Third Parties:** The Company may satisfy the verification requirement if it obtains a written confirmation from a registered broker-dealer, an SEC-registered investment adviser, a licensed attorney, or a certified public accountant that within the prior three months such person or entity has taken reasonable steps to verify that the purchaser is an accredited investor and has determined that the purchaser is an accredited investor.

Proper verification must be submitted with your subscription for securities in order for the Company to verify your suitability for investment and accept your subscription.

## **REGULATION D 506(C) MANDATED LEGEND**

Any historical performance data represents past performance.

Past performance does not guarantee future results;

Current performance may be different than the performance data presented;

The Company is not required by law to follow any standard methodology when calculating and representing performance data;

The performance of the Company may not be directly comparable to the performance of other private or registered funds or companies;

The securities are being offered in reliance on an exemption from the registration requirements, and therefore are not required to comply with certain specific disclosure requirements;

The Securities and Exchange Commission has not passed upon the merits of or approved the securities, the terms of the offering, or the accuracy of the materials.

(The remainder of this page intentionally left blank)

## **SUBSCRIPTION AGREEMENT**

To the Undersigned Purchaser, please review and execute the following:

InControl Medical, LLC, a Wisconsin limited liability company (the "Company"), hereby agrees with you (in the case of a subscription for the account of one or more trusts or other entities, "you" or "your" shall refer to the trustee, fiduciary or representative making the investment decision and executing this Subscription Agreement (this "Agreement"), or the trust or other entity, or both, as appropriate) as follows:

**1) Sale and Purchase of Member Interest (or "Membership Unit" or "Unit").** The Company has been formed under the laws of the State of Wisconsin and is governed by a limited liability company Operating Agreement in substantially the form attached hereto as an Exhibit to the Private Placement Memorandum, as the same may be modified in accordance with the terms of any amendment thereto (the "Operating Agreement"). Capitalized terms used herein without definition have the meanings set forth in the Operating Agreement.

Subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties of the respective parties contained herein:

- the Company agrees to sell to you, and you irrevocably subscribe for and agree to purchase from the Company, an interest as a member (a "Member") in the Company (an "Interest" or "Unit"); and
- the Company and its manager (the "Manager") agree that you shall be admitted as a Member, upon the terms and conditions, and in consideration of your agreement to be bound by the terms and provisions of the Operating Agreement and this Agreement, with a capital contribution in the amount equal to the amount set forth opposite your signature at the end of this Agreement (your "Capital Contribution").

Subject to the terms and conditions hereof and of the Operating Agreement, your obligation to subscribe and pay for your Interest shall be complete and binding upon the execution and delivery of this Agreement.

**2) Other Subscriptions.** The Company has entered into separate but substantially identical subscription agreements (the "Other Subscription Agreements" and, together with this Agreement, the "Subscription Agreements") with other purchasers (the "Other Purchasers"), providing for the sale to the Other Purchasers of Membership Units and the admission of the Other Purchasers as Members. This Agreement and the Other Subscription Agreements are separate agreements, and the sales of Membership Units to you and the Other Purchasers are to be separate sales.

**3)Closing.** The closing (the “Closing”) of the sale to you and your subscription for and purchase by you of an Interest, and your admission as a Member shall take place at the discretion of the Manager. At the Closing, and upon satisfaction of the conditions set out in this Agreement, the Manager will list you as a Member on Schedule A of the Operating Agreement.

**4) Conditions Precedent to Your Obligations.**

a)The Conditions Precedent. Your obligation to subscribe for your Interest and be admitted as a Member at the Closing is subject to the fulfillment (or waiver by you), prior to or at the time of the Closing, of the following conditions:

i)Operating Agreement. The Operating Agreement shall have been duly authorized, executed and delivered by or on behalf of the Manager. Each Other Purchaser that is to be admitted as a Member as the Closing shall have duly authorized, executed and delivered a counterpart of the Operating Agreement’s Joinder Agreement or authorized its execution and delivery on its behalf. The Operating Agreement shall be in full force and effect.

ii)Representations and Warranties. The representations and warranties of the Company contained in this Agreement shall be true and correct in all material respects when made and at the time of the Closing, except as affected by the consummation of the transactions contemplated by this Agreement or the Operating Agreement

iii)Performance. The Company shall have duly performed and complied in all material respects with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing.

iv)Legal Investment. On the Closing Date your subscription hereunder shall be permitted by the laws and regulations applicable to you.

b)Nonfulfillment of Conditions. If at the Closing any of the conditions specified shall not have been fulfilled, you shall, at your election, be relieved of all further obligations under this Agreement and the Operating Agreement, without thereby waiving any other rights you may have by reason of such nonfulfillment. If you elect to be relieved of your obligations under this Agreement pursuant to the foregoing sentence, the Operating Agreement shall be null and void as to you and the power of attorney contained herein shall be used only to carry out and effect the actions required by this sentence, and the Company shall take, or cause to be taken, all steps necessary to nullify the Operating Agreement as to you.

## 5) **Conditions Precedent to the Company's Obligations.**

a)The Conditions Precedent. The obligations of the Company and the Manager to issue to you the Interest and to admit you as a Member at the Closing shall be subject to the fulfillment (or waiver by the Company) prior to or at the time of the Closing, of the following conditions:

i)Operating Agreement. Any filing with respect to the formation of the Company required by the laws of the State of Wisconsin shall have been duly filed in such place or places as are required by such laws. A counterpart of the Operating Agreement shall have been duly authorized, executed and delivered by or on behalf of you and each of such Other Purchasers. The Operating Agreement shall be in full force and effect.

ii)Representations and Warranties. The representations and warranties made by you shall be true and correct when made and at the time of the Closing.

iii)Performance. You shall have duly performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by you prior to or at the time of the Closing.

b)Nonfulfillment of Conditions. If at the Closing any of the conditions specified shall not have been fulfilled,the Company shall, at the Manager's election, be relieved of all further obligations under this Agreement and the Operating Agreement, without thereby waiving any other rights it may have by reason of such nonfulfillment. If the Manager elects for the Company to be relieved of its obligations under this Agreement pursuant to the foregoing sentence, the Operating Agreement shall be null and void as to you and the power of attorney contained herein shall be used only to carry out and effect the actions required by this sentence, and the Company shall take, or cause to be taken, all steps necessary to nullify the Operating Agreement as to you.

## 6) **Representations and Warranties of the Company.**

a) The Representations and Warranties. The Company represents and warrants that:

i)Formation and Standing. The Company is duly formed and validly existing as a limited liability company under the laws of the State of Wisconsin and, subject to applicable law, has all requisite power and authority to carry on its business as now conducted and as proposed to be conducted as described in the Private Placement Memorandum relating to the private offering of Membership Units by the Company (together with any amendments and supplements thereto, the "Offering Memorandum"). The Manager has all requisite limited liability company power and authority to act as Manager of the Company and to carry out the terms of this Agreement and the Operating Agreement applicable to it.

ii) Authorization of Agreement, Etc. The execution and delivery of this Agreement has been authorized by all necessary action on behalf of the Company and this Agreement is a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms. The execution and delivery by the Manager of the Operating Agreement has been authorized by all necessary action on behalf of the Manager and the Operating Agreement is a legal, valid and binding agreement of the Manager, enforceable against the Manager in accordance with its terms.

iii) Compliance with Laws and Other Instruments. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not conflict with or result in any violation of or default under any provision of the Operating Agreement, or any agreement or other instrument to which the Company is a party or by which it or any of its properties is bound, or any permit, franchise, judgment, decree, statute, order, rule or regulation applicable to the Company or its business or properties. The execution and delivery of the Operating Agreement and the consummation of the transactions contemplated thereby will not conflict with or result in any violation of or default under any provision of the limited liability company operating agreement of the Manager, or any agreement or instrument to which the Manager is a party or by which it or any of its properties is bound, or any permit, franchise, judgment, decree, statute, order, rule or regulation applicable to the Manager or its businesses or properties.

iv) Offer of Membership Units. Neither the Company nor anyone acting on its behalf has taken any action that would subject the issuance and sale of the Membership Units to the registration requirements of the Securities Act of 1933, as amended (the "Securities Act").

v) Investment Company Act. The Company is not required to register as an "investment company" under the Investment Company Act of 1940, as amended (the "Investment Company Act"). The Manager is not required to register as an "investment adviser" under the Investment Advisers Act of 1940, as amended (the "Advisers Act").

vi) Company Litigation. Prior to the date hereof, there is no action, proceeding or investigation pending or, to the knowledge of the Manager or the Company, threatened against the Company.

vii) Disclosure. The Offering Memorandum, when read in conjunction with this Agreement and the Operating Agreement, does not as of the date hereof contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

b) Survival of Representations and Warranties. All representations and warranties made by the Company shall survive the execution and delivery of this Agreement, any investigation at any time made by you or on your behalf and the issue and sale of Membership Units.

## 7) Representations and Warranties of the Purchaser.

a)The Representations and Warranties. You represent and warrant to the Manager, the Company and each other Person that is, or in the future becomes, a Member that each of the following statements is true and correct as of the Closing Date:

i)Accuracy of Information. All of the information provided by you to the Company and the Manager is true, correct and complete in all respects. Any other information you have provided to the Manager or the Company about you is correct and complete as of the date of this Agreement and at the time of Closing.

ii)Offering Memorandum; Advice. You have either consulted your own investment adviser, attorney or accountant about the investment and proposed purchase of an Interest and its suitability to you, or chosen not to do so, despite the recommendation of that course of action by the Manager. Any special acknowledgment set forth below with respect to any statement contained in the Offering Memorandum shall not be deemed to limit the generality of this representation and warranty.

(1) You have received a copy of the Offering Memorandum and the form of the Operating Agreement and you understand the risks of, and other considerations relating to, a purchase of Membership Units, including the risks set forth under the caption "Risk Factors" in the Offering Memorandum. You have been given access to, and prior to the execution of this Agreement you were provided with an opportunity to ask questions of, and receive answers from, the Manager or any of its principals concerning the terms and conditions of the offering of Membership Units, and to obtain any other information which you and your investment representative and professional advisors requested with respect to the Company and your investment in the Company in order to evaluate your investment and verify the accuracy of all information furnished to you regarding the Company. All such questions, if asked, were answered satisfactorily and all information or documents provided were found to be satisfactory.

iii) Investment Representation and Warranty. You are acquiring your Interest for your own account or for one or more separate accounts maintained by you or for the account of one or more pension or trust funds of which you are trustee as to which you are the sole qualified professional asset manager within the meaning of Prohibited Transaction Exemption 84-14 (a "QPAM") for the assets being contributed hereunder, in each case not with a view to or for sale in connection with any distribution of all or any part of such Interest. You hereby agree that you will not, directly or indirectly, assign, transfer, offer, sell, pledge, hypothecate or otherwise dispose of all or any part of such Interest (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of all or any part of the Interest) except in accordance with the registration provisions of the Securities Act or an exemption from such registration provisions, with any applicable state or other securities laws, and with the terms of the Operating Agreement. If you are purchasing for the account of one or more pension or trust funds, you represent that

(except to the extent you have otherwise advised the Company in writing prior to the date hereof) you are acting as sole trustee or sole QPAM for the assets being contributed hereunder and have sole investment discretion with respect to the acquisition of the Interest to be purchased by you pursuant to this Agreement, and the determination and decision on your behalf to purchase such Interest for such pension or trust funds is being made by the same individual or group of individuals who customarily pass on such investments, so that your decision as to purchases for all such funds is the result of such study and conclusion.

iv)Representation of Investment Experience and Ability to Bear Risk. You (i) are knowledgeable and experienced with respect to the financial, tax and business aspects of the ownership of an Interest and of the business contemplated by the Company and are capable of evaluating the risks and merits of purchasing an Interest and, in making a decision to proceed with this investment, have not relied upon any representations, warranties or agreements, other than those set forth in this Agreement, the Offering Memorandum and the Operating Agreement, if any; and (ii) can bear the economic risk of an investment in the Company for an indefinite period of time, and can afford to suffer the complete loss thereof.

v)Accredited Investor. You are an "Accredited" investor within the meaning of Section 501 of Regulation D promulgated under the Securities Act.

vi)No Investment Company Issues. If you are an entity, (i) you were not formed, and are not being utilized, primarily for the purpose of making an investment in the Company and (ii) either (A) all of your outstanding securities (other than short-term paper) are beneficially owned by one Person, (B) you are not an investment company under the Investment Company Act or a "private investment company" that avoids registration and regulation under the Investment Company Act based on the exclusion provided by Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act, or (C) you have delivered to the Manager a representation and covenant as to certain matters under the Investment Company Act satisfactory to the Manager.

vii) Certain ERISA Matters. You represent that:

(1)except as described in a letter to the Manager dated at least five (5) days prior to the date hereof, no part of the funds used by you to acquire an Interest constitutes assets of any "employee benefit plan" within the meaning of Section 3(3) of ERISA, either directly or indirectly through one or more entities whose underlying assets include plan assets by reason of a plan's investment in such entities (including insurance company separate accounts, insurance company general accounts or bank collective investment funds, in which any such employee benefit plan (or its related trust) has any interest); or

(2)if an Interest is being acquired by or on behalf of any such plan (any such purchaser being referred to herein as an "ERISA Member"), (A) such acquisition has been duly authorized in accordance with the governing holding of the Interest do not and will not constitute a "non-exempt prohibited transaction" within the meaning of Section 406 of ERISA or Section

4975 of the Internal Revenue Code of 1986, as amended (i.e., a transaction that is not subject to an exemption contained in ERISA or in the rules and regulations adopted by the U.S. Department of Labor (the "DOL") thereunder). The foregoing representation shall be based on a list of the Other Purchasers to be provided by the Manager to each ERISA Member prior to the Closing. You acknowledge that the manager of the Company, is not registered as an "investment adviser" under the Investment Advisers Act and that as a Member you will have no right to withdraw from the Company except as specifically provided in the Operating Agreement. If, in the good faith judgment of the Manager, the assets of the Company would be "plan assets" (as defined in DOL Reg. § 2510.3-101 promulgated under ERISA, as it may be amended from time to time) of an employee benefit plan (assuming that the Company conducts its business in accordance with the terms and conditions of the Operating Agreement and as described in the Offering Memorandum), then the Company and each ERISA Member will use their respective best efforts to take appropriate steps to avoid the Manager's becoming a "fiduciary" (as defined in ERISA) as a result of the operation of such regulations. These steps may include (x) selling your Interest (if you are an ERISA Member) to a third party which is not an employee benefit plan, or (y) making any appropriate applications to the DOL, but the Manager shall not be required to register as an "investment adviser" under the Advisers Act.

(a) If you are an ERISA member, you further understand, agree and acknowledge that your allocable share of income from the Company may constitute "unrelated business taxable income" ("UBTI") within the meaning of section 512(a) of the Code and be subject to the tax imposed by section 511(a)(1) of the Code. You further understand, agree and acknowledge that the Company neither makes nor has made any representation to it as to the character of items of income (as UBTI or otherwise) allocated (or to be allocated) to its members (including ERISA Members) for federal, state, or local income tax purposes. You (prior to becoming a member of the Company) have had the opportunity to consider and discuss the effect of your receipt of UBTI with independent tax counsel of your choosing, and upon becoming a member of the Company voluntarily assume the income tax and other consequences resulting from the treatment of any item of the Company's income allocated to you as UBTI. The Company shall not be restricted or limited in any way, or to any degree, from engaging in any business, trade, loan, or investment that generates or results in the allocation of UBTI to you or any other ERISA Member, nor shall the Company have any duty or obligation not to allocate UBTI to you or any other ERISA Member. You hereby release the Company and all of its other members from any and all claims, damages, liability, losses, or taxes resulting from the allocation to you by the Company of UBTI.

viii) Suitability. You have evaluated the risks involved in investing in the Membership Units and have determined that the Membership Units are a suitable investment for you. Specifically, the aggregate amount of the investments you have in, and your commitments to, all similar investments that are illiquid is reasonable in relation to your net worth, both before and after the subscription for and purchase of the Membership Units pursuant to this Agreement.

ix) Transfers and Transferability. You understand and acknowledge that the Membership Units have not been registered under the Securities Act or any state securities laws and are being offered and sold in reliance upon exemptions provided in the Securities Act and state securities laws for transactions not involving any public offering and, therefore, cannot be resold or transferred unless they are subsequently registered under the Securities Act and such applicable state securities laws or unless an exemption from such registration is available. You also understand that the Company does not have any obligation or intention to register the Membership Units for sale under the Securities Act, any state securities laws or of supplying the information which may be necessary to enable you to sell Membership Units; and that you have no right to require the registration of the Membership Units under the Securities Act, any state securities laws or other applicable securities regulations. You also understand that sales or transfers of Membership Units are further restricted by the provisions of the Operating Agreement.

(1) You represent and warrant further that you have no contract, understanding, agreement or arrangement with any person to sell or transfer or pledge to such person or anyone else any of the Membership Units for which you hereby subscribe (in whole or in part); and you represent and warrant that you have no present plans to enter into any such contract, undertaking, agreement or arrangement.

(2) You understand that the Membership Units cannot be sold or transferred without the prior written consent of the Manager, which consent may be withheld in its sole and absolute discretion and which consent will be withheld if any such transfer could cause the Company to become subject to regulation under federal law as an investment company or would subject the Company to adverse tax consequences.

(3) You understand that there is no public market for the Membership Units; any disposition of the Membership Units may result in unfavorable tax consequences to you.

(4) You are aware and acknowledge that, because of the substantial restrictions on the transferability of the Membership Units, it may not be possible for you to liquidate your investment in the Company readily, even in the case of an emergency.

x) Residence. You maintain your domicile at the address shown in the signature page of this Subscription Agreement and you are not merely transient or temporarily resident there.

xi) Publicly-Traded Company. By the purchase of a Membership Unit in the Company, you represent to the Manager and the Company that (i) you have neither acquired nor will you transfer or assign any Unit you purchase (or any interest therein) or cause any such Membership Units (or any interest therein) to be marketed on or through an "established securities market" or a "secondary market" (or the substantial equivalent thereof) within the meaning of Section 7704(b)(1) of the Code, including, without limitation, an over the-counter-market or an interdealer quotation, system that regularly disseminates firm buy or sell

quotations; and (ii) you either (A) are not, and will not become, a partnership, Subchapter S corporation, or grantor trust for U.S. Federal income tax purposes, or (B) are such an entity, but none of the direct or indirect beneficial owners of any of the Membership Units in such entity have allowed or caused, or will allow or cause, 80 percent or more (or such other percentage as the Manager may establish) of the value of such Membership Units to be attributed to your ownership of Membership Units in the Company. Further, you agree that if you determine to transfer or assign any of your Interest pursuant to the provisions of the Operating Agreement you will cause your proposed transferee to agree to the transfer restrictions set forth therein and to make the representations set forth in (i) and (ii) above.

xii)Awareness of Risks; Taxes. You represent and warrant that you are aware (i) that the Company has limited operating history; (ii) that the Membership Units involve a substantial degree of risk of loss of its entire investment and that there is no assurance of any income from your investment; and (iii) that any federal and/or state income tax benefits which may be available to you may be lost through the adoption of new laws or regulations, to changes to existing laws and regulations and to changes in the interpretation of existing laws and regulations. You further represent that you are relying solely on your own conclusions or the advice of your own counsel or investment representative with respect to tax aspects of any investment in the Company.

xiii)Capacity to Contract. If you are an individual, you represent that you are over 21 years of age and have the capacity to execute, deliver and perform this Subscription Agreement and the Operating Agreement. If you are not an individual, you represent and warrant that you are a corporation, partnership, association, joint stock company, trust or unincorporated organization, and were not formed for the specific purpose of acquiring an Interest.

xiv)Power, Authority; Valid Agreement. (i) You have all requisite power and authority to execute, deliver and perform your obligations under this Agreement and the Operating Agreement and to subscribe for and purchase or otherwise acquire your Membership Units; (ii) your execution of this Agreement and the Operating Agreement has been authorized by all necessary corporate or other action on your behalf; and (iii) this Agreement and the Operating Agreement are each valid, binding and enforceable against you in accordance with their respective terms.

xv)No Conflict: No Violation. The execution and delivery of this Agreement and the Operating Agreement by you and the performance of your duties and obligations hereunder and thereunder (i) do not and will not result in a breach of any of the terms, conditions or provisions of, or constitute a default under (A) any charter, by-laws, trust agreement, partnership agreement or other governing instrument applicable to you, (B) (1) any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness, or any lease or other agreement or understanding, or (2) any license, permit, franchise or certificate, in either case to which you or any of your Affiliates is a party or by which you or any of them is bound or to which your or any of their properties are subject; (ii) do not require any authorization or approval under or pursuant to any of the foregoing; or

(iii) do not violate any statute, regulation, law, order, writ, injunction or decree to which you or any of your Affiliates is subject.

xvi)No Default. You are not (i) in default (nor has any event occurred which with notice, lapse of time, or both, would constitute a default) in the performance of any obligation, agreement or condition contained in (A) this Agreement or the Operating Agreement, (B) any provision of any charter, by-laws, trust agreement, partnership agreement or other governing instrument applicable to you, (C) (1) any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness or any lease or other agreement or understanding, or (2) any license, permit, franchise or certificate, in either case to which you or any of your Affiliates is a party or by which you or any of them is bound or to which your or any of their properties are subject, or (ii) in violation of any statute, regulation, law, order, writ, injunction, judgment or decree applicable to you or any of your Affiliates.

xvii)No Litigation. There is no litigation, investigation or other proceeding pending or, to your knowledge, threatened against you or any of your Affiliates which, if adversely determined, would adversely affect your business or financial condition or your ability to perform your obligations under this Agreement or the Operating Agreement.

xviii)Consents. No consent, approval or authorization of, or filing, registration or qualification with, any court or Governmental Authority on your part is required for the execution and delivery of this Agreement or the Operating Agreement by you or the performance of your obligations and duties hereunder or thereunder.

b)Survival of Representations and Warranties. All representations and warranties made by you in Section 8.1 of this Agreement shall survive the execution and delivery of this Agreement, as well as any investigation at any time made by or on behalf of the Company and the issue and sale of Membership Units.

c)Reliance. You acknowledge that your representations, warranties, acknowledgments and agreements in this Agreement will be relied upon by the Company in determining your suitability as a purchaser of Membership Units.

d)Further Assurances. You agree to provide, if requested, any additional information that may be requested or required to determine your eligibility to purchase the Membership Units.

e)Indemnification. You hereby agree to indemnify the Company and any Affiliates and to hold each of them harmless from and against any loss, damage, liability, cost or expense, including reasonable attorney's fees (collectively, a "Loss") due to or arising out of a breach or representation, warranty or agreement by you, whether contained in this Subscription Agreement (including the Suitability Statements) or any other document provided by you to the Company in connection with your investment in the Membership Units. You hereby agree to indemnify the Company and any Affiliates and to hold them harmless against all Loss arising out of the sale or distribution of the Membership Units by you in violation of the Securities Act or other applicable law or any

misrepresentation or breach by you with respect to the matters set forth in this Agreement. In addition, you agree to indemnify the Company and any Affiliates and to hold such Persons harmless from and against, any and all Loss, to which they may be put or which they may reasonably incur or sustain by reason of or in connection with any misrepresentation made by you with respect to the matters about which representations and warranties are required by the terms of this Agreement, or any breach of any such warranty or any failure to fulfill any covenants or agreements set forth herein or included in and as defined in the Offering Memorandum. Notwithstanding any provision of this Agreement, you do not waive any right granted to you under any applicable state securities law.

## **8) Certain Agreements and Acknowledgments of the Purchaser.**

a) Agreements. You understand, agree and acknowledge that:

i)Acceptance. Your subscription for Membership Units contained in this Agreement may be accepted or rejected, in whole or in part, by the Manager in its sole and absolute discretion. No subscription shall be accepted or deemed to be accepted until you have been admitted as a Member in the Company on the Closing Date; such admission shall be deemed an acceptance of this Agreement by the Company and the Manager for all purposes.

ii)Irrevocability. Except as provided and under applicable state securities laws, this subscription is and shall be irrevocable, except that you shall have no obligations hereunder if this subscription is rejected for any reason, or if this offering is canceled for any reason.

iii)No Recommendation. No foreign, federal, or state authority has made a finding or determination as to the fairness for investment of the Membership Units and no foreign, federal or state authority has recommended or endorsed or will recommend or endorse this offering.

iv)No Disposal. You will not, directly or indirectly, assign, transfer, offer, sell, pledge, hypothecate or otherwise dispose of all or any part of your Interest (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of all or any part of the Interest) except in accordance with the registration provisions of the Securities Act or an exemption from such registration provisions, with any applicable state or other securities laws and with the terms of the Operating Agreement.

v)Update Information. If there should be any change in the information provided by you to the Company or the Manager (whether pursuant to this Agreement or otherwise) prior to your purchase of any Membership Units, you will immediately furnish such revised or corrected information to the Company.

**9) General Contractual Matters.**

a)Amendments and Waivers. This Agreement may be amended and the observance of any provision hereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of you and the Company.

b)Assignment. You agree that neither this Agreement nor any rights, which may accrue to you hereunder, may be transferred or assigned.

c)Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given to any party when delivered by hand, when delivered by facsimile, or when mailed, first class postage prepaid, (a) if to you, to you at the address or telecopy number set forth below your signature, or to such other address or telecopy number as you shall have furnished to the Company in writing, and (b) if to the Company, to it c/o InControl Medical, LLC, 3225 Gateway Road, Suite 250, Brookfield, WI 53045, Attention: Investor Relations or to such other address or addresses, or telecopy number or numbers, as the Company shall have furnished to you in writing, provided that any notice to the Company shall be effective only if and when received by the Manager.

d)Governing law. This agreement shall be governed by and construed and enforced in accordance with the laws of the State of Wisconsin without regard to principles of conflict of laws (except insofar as affected by the securities or "blue sky" laws of the State or similar jurisdiction in which the offering described herein has been made to you).

e)Descriptive Headings. The descriptive headings in this Agreement are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provision of this Agreement.

f)Entire Agreement. This Agreement contains the entire agreement of the parties with respect to the subject matter of this Agreement, and there are no representations, covenants or other agreements except as stated or referred to herein.

g)Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

h)Joint and Several Obligations. If you consist of more than one Person, this Agreement shall consist of the joint and several obligation of all such Persons.

i) Regulation D Resources Enterprises, Inc. ("RDR"), a North Carolina corporation, acted as an advisor to the Issuer in this Offering. The Purchaser agrees to, and hereby shall indemnify RDR and any RDR Affiliates, and shall hold each of them harmless from and against any loss, damage, liability, cost or expense, including reasonable attorney's fees (collectively, a "Loss") due to the Purchaser's investment in this Offering. The Purchaser does hereby release and forever discharge RDR, their agents, employees, successors and assigns, and their respective heirs, personal representatives, affiliates, successors and assigns, and any and all persons, firms or corporations liable or who might be claimed to be liable, whether or not herein named, none of whom admit any liability to the undersigned, but all expressly denying liability, from any and all claims, demands, damages, actions, causes of action or suits of any kind or nature whatsoever, which the Purchaser may now have or may hereafter have, arising out of or in any way relating to any and all injuries, economic or emotional loss, and damages of any and every kind, to both person and property, corporately and individually, and also any and all damages that may develop in the future, as a result of or in any way relating to the Purchaser's investment in this Offering.

## **SIGNATURES AND SUBSCRIBER INFORMATION**

If you are in agreement with the foregoing, please sign the enclosed counterparts of this Subscription Agreement and return such counterparts of this Agreement to the Manager.

### **For Execution By The Company:**

InControl Medical, LLC

---

By: Herschel "Buzz" Peddicord, Founder & CEO

(Signature and Information of Purchaser(s) on the following page)

**For Completion and Execution By The Investor Subscriber:**

The foregoing Subscription Agreement is hereby agreed to by the undersigned as of the date indicated below.

\_\_\_\_\_  
Registered Account Name (Please Print)

\_\_\_\_\_  
Registered Account Address (Street, City, State, Zip Code)

\_\_\_\_\_  
Mailing Address (Fill in Mailing Address only if different from Registered Account Address)

Email Address: \_\_\_\_\_ Primary Phone: \_\_\_\_\_

\_\_\_\_\_ Private Placement Memorandum (PPM) received and reviewed. Subscriber or Authorized Representative (if not an individual), please "initial".

**Total Capital Contribution \$ \_\_\_\_\_ Total Membership Units Purchased: \_\_\_\_\_**

\_\_\_\_\_  
Social Security or Taxpayer I.D. No. (Must be completed)

State in which Subscription Agreement signed if other than state of residence: \_\_\_\_\_

**Investor Subscriber Signature:**

\_\_\_\_\_  
(signature)

By: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name of Subscriber or Authorized Representative (if not an individual)

**Signature Verification**

By: \_\_\_\_\_ Date: \_\_\_\_\_

Witness

(The remainder of this page intentionally left blank)

**SUITABILITY STATEMENTS**  
**FOR EXECUTION BY INVESTORS WHO ARE INDIVIDUALS**

The truth, correctness and completeness of the following information supplied by you is warranted pursuant to the above:

Printed Name of Purchaser: \_\_\_\_\_

MARK TRUE OR FALSE OR COMPLETE, AS APPROPRIATE

**Disclosure of Status as "Accredited Investor" under Regulation D**

**True                  False**

1. \_\_\_\_\_                  \_\_\_\_\_ You are a natural person (individual) whose own net worth, taken together with the net worth of your spouse, exceeds \$1,000,000. Net worth for this purpose means total assets (including personal property and other assets) in excess of total liabilities EXCLUDING your primary residence.

Except as provided in paragraph (2) of this section, for purposes of calculating net worth under this paragraph:

- (i) The person's primary residence shall not be included as an asset;
- (ii) Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and
- (iii) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability

2. \_\_\_\_\_                  \_\_\_\_\_ You are a natural person (individual) who had an individual income in excess of \$200,000 in each of the two previous years, or joint income with your spouse in excess of \$300,000 in each of those years, and who reasonably expects to reach the same income level in the current year.

3. \_\_\_\_\_ You are a director, executive officer, or Manager of the Company or a director, executive officer of the Manager of the Company.

4. \_\_\_\_\_ You have such knowledge and experience in financial and business matters that you are capable of evaluating the merits and risks of investing in the Membership Units.

**Disclosure of Foreign Citizenship**

**True**

**False**

1.    \_\_\_\_\_        \_\_\_\_\_ You are a citizen of a country other than the United States.

**If the answer to the preceding question is true, specify on the line below the country of which you are a citizen.**

---

(The remainder of this page intentionally left blank)

## **SUITABILITY STATEMENTS** **FOR EXECUTION BY INVESTORS WHO ARE ENTITIES**

Printed Name of Purchaser Entity: \_\_\_\_\_

Printed Name of Authorized Representative: \_\_\_\_\_

MARK TRUE OR FALSE OR COMPLETE, AS APPROPRIATE

### **Disclosure of Status as "Accredited Investor" under Regulation D**

**True**            **False**

**1.**     \_\_\_\_\_     \_\_\_\_\_ You are either :

- (i) a bank, or any savings and loan association or other institution acting in its individual or fiduciary capacity;
- (ii) a broker dealer;
- (iii) an insurance company;
- (iv) an investment company or a business development company under the Investment Company Act of 1940;
- (v) a Small Business Investment Company licensed by the U.S. Small Business Administration; or
- (vi) an employee benefit plan whose investment decision is being made by a plan fiduciary, which is either a bank, savings and loan association, insurance company or registered investment adviser, or an employee benefit plan whose total assets are in excess of \$5,000,000 or a self-directed employee benefit plan whose investment decisions are made solely by persons that are accredited investors.

**2.**     \_\_\_\_\_     \_\_\_\_\_ You are a private business development company as defined under the Investment Advisers Act of 1940.

**3.**     \_\_\_\_\_     \_\_\_\_\_ You are either:

- (i) an organization described in Section 501(c)(3) of the Internal Revenue Code;
- (ii) a corporation;
- (iii) a Massachusetts or similar business trust; or

(iv) a partnership, in each case not formed for the specific purpose of acquiring the securities offered and in each case with total assets in excess of \$5,000,000.

**True**            **False**

4.                 You are an entity as to which all the equity owners are accredited investors.
5.              You are a trust, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000 and whose purchase is directed by a sophisticated person.
6.              You (i) were not formed, and (ii) are not being utilized, primarily for the purpose of making an investment in the Company (and investment in this Company does not exceed 40% of the aggregate capital committed to you by your partners, shareholders or others).
7.              You are, or are acting on behalf of, (i) an employee benefit plan within the meaning of Section 3(3) of ERISA, whether or not such plan is subject to ERISA; or (ii) an entity which is deemed to hold the assets of any such employee benefit plan pursuant to 29 C.F.R. § 2510.3-101. For example, a plan that is maintained by a foreign corporation, governmental entity or church, a Keogh plan covering no common-law employees and an individual retirement account are employee benefit plans within the meaning of Section 3(3) of ERISA but generally are not subject to ERISA.
8.              You are, or are acting on behalf of, such an employee benefit plan, or are an entity deemed to hold the assets of any such plan or plans (i.e., you are subject to ERISA).
9.              You are a U.S. pension trust or governmental plan qualified under Section 401(a) of the Code or a U.S. tax-exempt organization qualified under Section 501(c)(3) of the Code.
10.              You rely on the "private investment company" exclusion provided by Section 3(c)(1) or 3(c)(7) of the Investment Company Act of 1940 to avoid registration and regulation under such Act.

**Disclosure of Foreign Citizenship****True****False**

1. \_\_\_\_\_ You are an entity organized under the laws of a jurisdiction other than those of the United States or any state, territory or possession of the United States (a "Foreign Entity").
2. \_\_\_\_\_ You are a government other than the government of the United States or of any state, territory or possession of the United States (a "Foreign Government").
3. \_\_\_\_\_ You are a corporation of which, in the aggregate, more than one-fourth of the capital stock is owned of record or voted by Foreign Citizens, Foreign Entities, Foreign Corporations (as defined below) or Foreign Company (as defined below) (a "Foreign Corporation").
4. \_\_\_\_\_ You are a general or limited partnership of which any general or limited partner is a Foreign Citizen, Foreign Entity, Foreign Government, Foreign Corporation or Foreign Company (as defined below) (a "Foreign Company").
5. \_\_\_\_\_ You are a representative of, or entity controlled by, any of the entities listed in items 1 through 4 above.

(The remainder of this page intentionally left blank)

## **EXHIBIT A TO SUBSCRIPTION AGREEMENT** **FOR COMPLETION BY PURCHASERS THAT ARE ENTITIES ONLY**

CERTIFICATE TO BE GIVEN BY ANY PURCHASER THAT IS A PARTNERSHIP OR LIMITED LIABILITY COMPANY

CERTIFICATE OF \_\_\_\_\_ (the "Partnership")  
(Name of Company)

The undersigned, constituting all of the partners/members of the Partnership that must consent to the proposed investment by the Partnership hereby certify as follows:

1. That the Partnership commenced business on and was established under the laws of the State of \_\_\_\_\_ on \_\_\_\_\_ and is governed by a Partnership/Operating Agreement dated \_\_\_\_\_.

2. That, as the partners/members of the Partnership, we have the authority to determine, and have determined, (i) that the investment in, and the purchase of an interest in InControl Medical, LLC is of benefit to the Partnership, and (ii) to make such investment on behalf of the Partnership.

3. That \_\_\_\_\_ is authorized to execute all necessary documents in connection with our investment in InControl Medical, LLC.

IN WITNESS WHEREOF, we have executed this certificate as the partners of the Partnership effective as of \_\_\_\_\_, 20\_\_, and declare that it is truthful and correct.

\_\_\_\_\_  
(Name of Partnership)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT B TO SUBSCRIPTION AGREEMENT**  
**FOR COMPLETION BY PURCHASERS THAT ARE ENTITIES ONLY**

CERTIFICATE TO BE GIVEN BY ANY PURCHASER THAT IS A TRUST

CERTIFICATE OF \_\_\_\_\_ (the "Trust")  
(Name of Trust)

The undersigned, constituting all of the trustees of the Trust, hereby certify as follows:

1. That the Trust was established pursuant to a Trust Agreement dated \_\_\_\_\_, \_\_\_\_\_ (the "Agreement").
2. That, as the trustee(s) of the Trust, we have determined that the investment in, and the purchase of, Membership Units in InControl Medical, LLC is of benefit to the Trust and have determined to make such investment on behalf of the Trust.
3. That \_\_\_\_\_ is authorized to execute, on behalf of the Trust, any and all documents in connection with the Trust's investment in InControl Medical, LLC.

IN WITNESS THEREOF, we have executed this certificate as the trustee(s) of the Trust this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and declare that it is truthful and correct.

\_\_\_\_\_  
(Name of Trust)

By: \_\_\_\_\_  
Trustee

By: \_\_\_\_\_  
Trustee

By: \_\_\_\_\_  
Trustee

## **EXHIBIT C TO SUBSCRIPTION AGREEMENT** **FOR COMPLETION BY PURCHASERS THAT ARE ENTITIES ONLY**

CERTIFICATE TO BE GIVEN BY ANY PURCHASE THAT IS A CORPORATION

CERTIFICATE OF \_\_\_\_\_ (the "Corporation")  
(Name of Corporation)

The undersigned, being the duly elected and acting Secretary or Assistant Secretary of the Corporation, hereby certifies as follows:

1. That the Corporation commenced business on and was incorporated under the laws of the State of \_\_\_\_\_ on \_\_\_\_\_.

2. That the Board of Directors of the Corporation has determined, or appropriate officers under authority of the Board of Directors have determined, that the investment in, and purchase of, the Membership Units in InControl Medical, LLC is of benefit to the Corporation and has determined to make such investment on behalf of the Corporation. Attached hereto is a true, correct and complete copy of resolutions of the Board of Directors (or an appropriate committee thereof) of the Corporation duly authorizing this investment, and said resolutions have not been revoked, rescinded or modified and remain in full force and effect.

3. That the following named individuals are duly elected officers of the Corporation, who hold the offices set opposite their respective names and who are duly authorized to execute any and all documents in connection with the Corporation's investment in InControl Medical, LLC and that the signatures written opposite their names and titles are their correct and genuine signatures.

<b>Name</b>	<b>Title</b>	<b>Signature</b>
-------------	--------------	------------------

IN WITNESS WHEREOF, I have executed this certificate this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ and declared that it is truthful and correct.

\_\_\_\_\_  
(Name of Corporation)

Name: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

## **CONFIDENTIAL INVESTOR QUESTIONNAIRE** **FOR COMPLETION BY ALL INVESTORS**

The information contained herein is being furnished in order to enable you to determine whether a sale of Limited Liability Company Membership Units (the "Units") in InControl Medical, LLC (the "Company") pursuant to the Company's Private Placement Memorandum October 23, 2020, may be made to the undersigned (the "Investor") without registration of the Units under the Securities Act of 1933, as amended, or any applicable state securities law. This Questionnaire is not an offer to purchase or an acceptance of an offer to sell a Membership Units, but is, in fact, a response to a solicitation of information to provide you a basis for determining the appropriateness of any sale to the undersigned prospective Investor.

### **1. FOR COMPLETION BY INDIVIDUAL INVESTORS:**

#### (a.) Personal Information

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Date of Birth: \_\_\_\_\_ U.S. Citizen (circle one):    Yes                      No

College: \_\_\_\_\_

Degree: \_\_\_\_\_ Year: \_\_\_\_\_

Graduate School: \_\_\_\_\_ Year: \_\_\_\_\_

How did you hear about us? \_\_\_\_\_  
\_\_\_\_\_

## (b) Business/ Employment Information

Business/Employer Name: \_\_\_\_\_

Nature of Business or Employment: \_\_\_\_\_

Position and Duties: \_\_\_\_\_

\_\_\_\_\_

Please set forth other prior occupations or duties during the past five years:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Year of Anticipated Retirement: \_\_\_\_\_

**2. FOR COMPLETION BY INVESTORS THAT ARE CORPORATIONS, PARTNERSHIPS, TRUSTS OR OTHER ENTITIES:**

## (a) General Information

Name: \_\_\_\_\_

Address of Principal Office: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

Date and state incorporation or organization: \_\_\_\_\_

Taxpayer Identification Number: \_\_\_\_\_

Nature of Business: \_\_\_\_\_

(b) Individual Authorized to Execute this Questionnaire (Name and Title): \_\_\_\_\_

(c) Name of record and beneficial owner of entity (10% ownership or more): \_\_\_\_\_

**3. FOR COMPLETION BY ALL INVESTORS:**

(a) Relationship to the Company or managers of the Company:

\_\_\_\_\_  
\_\_\_\_\_

(b) The undersigned is an officer or director of a publicly held company (check one): Yes: \_\_\_\_\_ No: \_\_\_\_\_

If yes, specify: \_\_\_\_\_

(c) I [ have ] [ have not ] personally invested in investments sold by means of private placements within the past five years.

(d) Please list all investments made during the past five years (include dates, nature, and amounts of investment):

\_\_\_\_\_  
\_\_\_\_\_

(e) I consider myself to have such knowledge and experience in financial and business matters to enable me to evaluate the merits and risks of investment in the Company (check one).

Yes: \_\_\_\_\_ No: \_\_\_\_\_

If yes, please set forth below (or in an attachment) the basis for your answer (e.g. investment or business experience, profession, past review of other investment offerings, etc.).

---



---



---



---

(f) Listed below are the categories of accredited investors, as defined by Regulation D, promulgated under the Securities Act of 1933, as amended. Please check the appropriate space provided below if the Investor falls within one or more of these categories. The undersigned meets one or more of the following "accredited" categories as indicated in the space provided below (check all appropriate categories).

1.) Any natural person whose individual net worth or joint net worth with that person's spouse, at the time of this purchase, exceeds \$1,000,000 (excluding the value of a primary residence). For purposes of determining an individual's net worth, indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability). In addition, indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence shall be included as a liability. \_\_\_\_\_

(2) Any 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. \_\_\_\_\_

(3) A bank, insurance company, registered investment company, employee benefit plan if the investment decision is made by a bank, insurance company, or registered investment adviser, or an employee benefit plan with more than \$5 million of assets. \_\_\_\_\_

(4) Any private business development company as defined in Section 202(a) (22) of the Investment Advisors Act of 1940. \_\_\_\_\_

(5) Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000.  
\_\_\_\_\_

(6) Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer. \_\_\_\_\_

(7) Any trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii). \_\_\_\_\_

(8) Any entity in which all of the equity owners are accredited investors. \_\_\_\_\_

(9) The Investor does not qualify in any accredited category as indicated above. \_\_\_\_\_

(g) Please indicate whether you intend to have an attorney, accountant investment advisor or other consultant act as Purchaser Representative in connection with this investment (check one):    Yes\_\_\_    No\_\_\_

If yes, please list the name, business address and telephone number of the person who is your purchaser representative.

Name: \_\_\_\_\_

Firm: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_                      State: \_\_\_\_\_                      Zip: \_\_\_\_\_

Telephone: \_\_\_\_\_

If the undersigned utilizes a Purchaser Representative, the Purchaser Representative will be required to complete a questionnaire to be supplied by the Company.

**4. GROSS INCOME: \$**

If the undersigned is an individual, was your personal income from all sources for the previous calendar year more than (circle the highest number applicable for each year).

<b>2018:</b>	\$150,000	\$200,000	\$250,000+
<b>2017:</b>	\$150,000	\$200,000	\$250,000+
<b>2016:</b>	\$150,000	\$200,000	\$250,000+

**5. NET WORTH (NET WORTH SHALL NOT INCLUDE AN INDIVIDUAL'S PRIMARY RESIDENCE AND INDEBTEDNESS SECURED BY THE PRIMARY RESIDENCE IN EXCESS OF THE VALUE OF THE HOME SHOULD BE CONSIDERED A LIABILITY AND DEDUCTED WHEN DETERMINING NET WORTH):**

(a) My personal net worth (including the net worth of my spouse) is now estimated at: \$\_\_\_\_\_

(b) My estimated liquid assets equal: \$ \_\_\_\_\_

(c) My estimated non-liquid assets equal: \$\_\_\_\_\_

**6. FOR ENTITIES:**

If the undersigned is an entity which checked item (8) under Paragraph 3(f) above in reliance upon the accredited investor categories set forth in items 1 and 2 of Paragraph 3(f), please state the name, address, total personal income from all sources for the previous calendar year, and the net worth (exclusive of home, furnishings, and personal automobiles) for each equity owner of said entity:

---



---



---

The Investor hereby certifies that the information contained herein is complete and accurate and the Investor will notify the Company of any change in any of such information. Specifically, the Investor hereby certifies that the information contained above concerning the residency of the Investor is true and correct. The Investor realizes and understands that, but for the truth of the information contained herein, the Investor would not receive consideration by the Company pertaining to this investment.

If the Questionnaire is completed on behalf of a corporation, partnership, trust or estate, I, the person executing on behalf of the Investor, represent that I have the authority to execute and deliver the Questionnaire on behalf of such corporation, partnership, trust or estate.

Dated: \_\_\_\_\_

### **1. Signature for Individual Investor**

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Signature of Joint Investor: \_\_\_\_\_

Printed Name: \_\_\_\_\_

### **2. Signature for Partnership, Trust, Corporation, or Other Entity**

Name of Investor: \_\_\_\_\_

By: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

[This page intentionally left blank.]

**InControl Medical, LLC**  
3225 Gateway Road, Suite 250  
Brookfield, WI 53045  
262-373-0422