

# ZYPLINE SERVICES, INC.

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## **TERM SHEET BRIDGE LOAN**

**February 2013**



*Zypline Services Inc.*  
640 Hamilton Avenue  
Palo Alto, CA 94301

## Term Sheet

### Convertible Notes

**ZYPLINE SERVICES, INC. ("ZYPLINE")** is seeking to raise bridge loans of up to \$250,000 to complete certain website software, business development, marketing and sales support for product launch and market expansion programs.

The loans will be in the form of Convertible Notes in \$25,000 units but management reserves right to take smaller amounts if appropriate. The notes will have a term of eighteen (18) months and will include conversion into equity ownership of the Company at a discount of Twenty Percent (20%) of the lowest price **Zypline** sells equity at its next priced equity capital raise that exceeds \$500,000.

#### The Company

**Zypline** is a patent-pending breakthrough connection-engine methodology that provides a direct connect communications platform for personal brands and their customers. It instantly delivers the target page without unnecessary search and navigation steps. **Zypline** has completed and tested its core database platform and several of user-facing strategic applications.

An outline of current status is:

- Initial database and framework completed, tested and fully operational.
- Two key strategic user applications completed and released into market.
  - **ZYPPAGES** fully operational <http://ZypPages.com>
  - **ZYPCV/CVLYNK** completed and fully operational <http://ZypCV.com>.
- Partnerships programs started with key strategic corporate and marketing partners
  - Proposal in place with a large 'big-box' chain and rollout is planned for 3Q13.
  - Programs to seek partnerships with publishers to support print classified advertising.
  - Community groups dedicated to digital inclusion programs for the large underserved small business markets

The **Zypline** platform has no limit in application or partnership and can be applied in any industry or in any market worldwide.

Additional information such as an Executive Overview (3 pages), Executive Summary (32 pages), Executive Briefing (28 slides), and a detailed Strategic Bridge and Go-to-Market Plan (15 pages), are available, as well as comprehensive online product demonstrations of all applications; please contact:

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## Budget & FINANCIALS

### *Monthly Proforma*

The following is the average monthly expenses projected for the launch/bridge period.

| BRIDGE PERIOD - MONTHLY PRO FORMA |                 |                 |
|-----------------------------------|-----------------|-----------------|
|                                   | Current         | Planned         |
| Developer - 1                     | \$5,000         | \$5,000         |
| Developer - 2                     |                 | 7,000           |
| Management / Marketing            | 10,000          | 10,000          |
| Business Development              |                 | 7,500           |
| Marketing & Advertising           |                 | 3,500           |
| Admin & Data Management           |                 | 2,500           |
| Comm & Internet                   |                 | 400             |
| Legal                             | 500             | 2,000           |
| T&E                               | 600             | 1,000           |
| Office & Utilities                | 3,500           | 3,500           |
| Equipment                         | 1,000           | 1,000           |
| Contingency / Reserve             | 4,400           | 6,600           |
| <b>TOTAL MONTHLY</b>              | <b>\$25,000</b> | <b>\$50,000</b> |

### *Sources and Uses*

The following is the pro forma projection based on the existing assumptions and plans. It will be adjusted as needed.

| Month                  | <u>1</u>      | <u>2</u>      | <u>3</u>      | <u>4</u>      | <u>5</u>      | <u>6</u>      | <u>7</u>      | <u>Totals</u>  |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| <b><u>SOURCES</u></b>  |               |               |               |               |               |               |               |                |
| New Investment         | 50,000        | 50,000        | 50,000        | 50,000        | 50,000        |               |               | 250,000        |
| Partner Rev Share      |               |               |               | 5,000         | 10,000        | 20,000        | 40,000        | 75,000         |
| Advertising            |               |               |               |               |               | 5,000         | 10,000        | 15,000         |
| <b>TOTAL SOURCES</b>   | <b>50,000</b> | <b>50,000</b> | <b>50,000</b> | <b>55,000</b> | <b>60,000</b> | <b>25,000</b> | <b>50,000</b> | <b>290,000</b> |
| <b><u>USES</u></b>     |               |               |               |               |               |               |               |                |
| Development            | 12,000        | 12,000        | 12,000        | 12,000        | 12,000        | 12,000        | 12,000        | 84,000         |
| Marketing              | 11,000        | 11,000        | 11,000        | 11,000        | 11,000        | 11,000        | 11,000        | 77,000         |
| Management/Marketing   | 10,000        | 10,000        | 10,000        | 10,000        | 10,000        | 10,000        | 10,000        | 70,000         |
| General & Admin /Legal | 10,400        | 10,400        | 10,400        | 10,400        | 10,400        | 10,400        | 10,400        | 72,800         |
| <b>TOTAL USES</b>      | <b>43,400</b> | <b>43,400</b> | <b>43,400</b> | <b>43,400</b> | <b>43,400</b> | <b>43,400</b> | <b>43,400</b> | <b>303,800</b> |
| Balance                | 6,600         | 6,600         | 6,600         | 11,600        | 16,600        | -18,400       | 6,600         | -13,800        |
| Accumulated Reserve    | 6,600         | 13,200        | 19,800        | 31,400        | 48,000        | 29,600        | 36,200        | 22,400         |

## ZYPLINE SERVICES, INC.

### Convertible Note Term Sheet

**This term sheet summarizes the principal terms of a proposed convertible loan by ZYPLINE and is being provided to \_\_\_\_\_ for discussion purposes only.**

|                                |   |
|--------------------------------|---|
| <i>Issuer</i>                  | ZYPLINE SERVICES, INC.  |
| <i>Securities to be Issued</i> | Up to \$250,000 of Senior Convertible Notes (the “Notes”) with conversion. Although the Company anticipates issuing the Notes in \$25,000 increments, it reserves the right to issue Notes with smaller face values.  |
| <i>Interest</i>                | Interest accrues and is cumulative from the date of original issue at the rate of 6.0% per annum, payable at maturity. While the Notes remain outstanding, no dividend will be paid on the Company’s common stock.  |
| <i>Convertible Rate</i>        | Holder of the Notes will be required to convert the face value of the Notes plus interest to-date to shares at the Next Financing Round that exceeds of \$500,000; conversion will be at a price equal to a discount of Twenty Percent (20%) of the lowest price the Company sells such shares between the date of issuance and the exercise of the conversion. |
| <i>Maturity</i>                | Eighteen (18) Months from date of issuance.   |
| <i>Transferability</i>         | The Notes shall be transferable in whole or in part to qualified investors subject to compliance with securities laws and certain limited restrictions.   |
| <i>Use of Proceeds</i>         | Operating capital for the design and development of software and data base systems to support a global registry and connection engine platform, for legal and patent work and for strategic market and partnership expansion programs.  |

Closing Documents

## **CONVERTIBLE NOTES**

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A formal convertible note document has been prepared by Zypline corporate attorneys :

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## **BANK TRANSFER INFORMATION**

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### **Zypline Services Inc.**

640 Hamilton Avenue  
Palo Alto, CA 94301  
917-650-2337  
Employer Identification: 45 400 5963

### **Corporate Account**

Bank of America  
530 Lytton Ave  
Palo Alto, CA 94301

Account: 01178-75602  
ABA: 121 000 358

### **Bank Officer: Bushra Hussain**

Direct: 650-798-6215  
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Main: 650-566-8331  
Fax: 650-798-6225