

GIVINTM

PLATES, BOWLS, & TRAYS
FROM FALLEN PALM LEAVES



EXECUTIVE SUMMARY

for Advanced Entrepreneurship

August 1, 2011

Contact

True Products LLC
8 River Ridge Road
Hanover NH 03755

603.646.0202 | info@thegivingleaf.com | www.thegivingleaf.com

Business Concept

True Products, LLC's first product line is Giving Leaf – plates, bowls and trays made from fallen palm leaves.

For hundreds – if not thousands – of years rural Indians in Southeast Asia have used fallen leaves from the indigenous areca palm tree as disposable dinnerware. The leaves are gathered, soaked, cleaned, then heated and molded. When all of the moisture has been squeezed out, the leaves retain the shape of the mold. After use, the leaves are composted, with biodegradation occurring in just six weeks.

In the past 15 years, manufacturers in India have formalized the process of turning leaves into dinnerware and begun selling them in both the Indian and European markets as environmentally friendly alternatives to foam, paper and plastic.

True Products has secured the exclusive right to import products from India's largest manufacturer of export-quality plates and has begun selling the plates to clients in the U.S. under the trademarked Giving Leaf brand. We market the plates based on the following four benefits:

- Durability – the leaves used are extremely strong, do not melt, “bleed” moisture or deform in the sun, and can even be used in the microwave or heated in the oven
- Beauty – these plates are extremely attractive and each one is different, just as each leaf is different; consumers perceive the plates to be a premium product
- Sustainability – the plates are the most sustainable disposable products on the market (“it's hard to beat a leaf!”) and compare favorably to all other “green” competitors
- Affordability – we have targeted independent catering services and caterers at universities, corporations and restaurants who find paper, plastic and foam too informal for their guests and yet find china impractical (especially for large or outdoor events); on a relative, per-event basis, the benefits of using Giving Leaf products far outweigh the negligible cost of procuring them

True Products has secured two distributors – Upper Valley Produce and Foley Distributing – and is in the process of negotiating with two national distributors, PFG and Eco-Products. In addition to our first client, Dartmouth College, True Products is anticipating large orders from Harvard University, The Wharton School and a regional fast-casual food chain based in the Boston area.

In addition to a full line of plates, bowls and trays, True Products is in the process of developing a clamshell container (for takeout food) with an areca leaf base and a compostable lid made of cornstarch or some similar material.

Market Overview

Over the past six months the True Products team has tested the Giving Leaf product line in the market and adjusted its strategy according to feedback it has received from interested customers. In the last several weeks we have arrived at what we consider the “sweet spot” for Giving Leaf products – catering services and caterers at universities, corporations and restaurants who find paper, plastic and foam too informal for their guests and yet find china impractical (especially for large or outdoor events). We are currently in the process of researching and revising our estimate for this segment of the market and expect to have solid, defendable numbers by mid-December.

That said, we can point to two significant points of data to give some idea of the market size:

The market size for disposable plates and cutlery in the U.S. as of 2009 was \$3.6 billion, according to a Mintel Oxygen Survey. We estimate the addressable market size to be roughly \$580M.

Disposable Plates and Cutlery 2009 US Sales Data

Retail Sales ¹	\$1.8B
Business Sales ²	\$1.8B
Total Market Size	\$3.6B

Addressable Market³ 16%

Addressable Market Size \$580M

1 FDMx Data, 2 Based on Dixie's 2009 Distribution Mix, 3 Based on Mintel Oxygen Survey

In addition, we estimate the addressable portion of the \$1B clamshell (takeout food) container market to be approximately \$274M by 2016.

Competitive Landscape

Giving Leaf's primary U.S. competitor is VerTerra, which imports the same type of leaf and sells the products primarily in the retail space at stores such as Whole Foods (for approx. \$1 per plate). VerTerra also sells its plates in the wholesale market but at a significantly higher price point (\$0.56-\$0.72 per plate) than what True Products offers (\$0.30 per plate). Several other companies in the U.S. have tried to offer these types of products as well, but the quality of the products varies widely and, in many cases, relies upon an insecure supply chain in India. We have an exclusivity agreement for the U.S. with our manufacturer and we are confident both in the consistency and quality of our supply, and in our ability to meet any future demand as we continue to scale.

In addition to other companies selling dinnerware made from areca palm leaves, Giving Leaf must compete against paper, foam and plastic, other “green” products made from bamboo, sugarcane, cornstarch and recycled plastic, and against china plates. Each of these products has its advantages and disadvantages but in the market segment that we have identified, Giving Leaf products compare favorably to all of them when durability, beauty, practicality and sustainability are taken into account. We have forsaken the retail route in favor of the wholesale market as we have found that institutional buyers are more willing and able to consider the full picture, including an analysis of the product's lifecycle and resulting environmental footprint.

While the Giving Life product line is not associated with any particular intellectual property that could represent barriers to entry, the process of procuring and manufacturing these products in rural India is extremely challenging and likely not worth the investment of a major competitor such as the Solo Cup Company.

Initial Financial Analysis & Capital Need

Our cost structure allows for healthy margins as we ramp up our sales. We project \$160,000 in net income in our second year of operations. While this is a very competitive field, we have built in a 35% gross margin and a 15% operating margin.

Initially we will need a \$250,000 investment to fund our cash-flow needs. Because it takes between 40 and 45 days to travel from our manufacturer in India to Boston we plan to keep at least two months' worth of inventory on hand. We believe that the additional cost of warehousing and holding inventory is worth the risk in order to avoid a supply shortage due to any unforeseen shipping issues.

We have arranged a 90 day payment period with our supplier so that our accounts payable will be aligned with our accounts receivable. In addition to inventory costs, we project a \$43,000 loss in the first year of operations due to certain fixed costs such as management salaries. We are willing to offer common stock or issue a convertible note that will convert into equity at a 25% premium in the next round of funding. Given our current projection, the \$250,000 initial investment will allow us to run our company and increase sales over the next two years. In 2013, we will most likely need another round of funding in order to grow sales and establish the Giving Leaf brand as a market leader in the green disposable dinnerware market.

(\$ '000, except per unit cost)		2011	2012	2013	2014	2015	2016
Revenue							
Units Sold		3,000	8,000	15,000	27,000	40,000	59,000
Price / Unit		\$0.20	\$0.20	\$0.20	\$0.21	\$0.22	\$0.23
Total Revenue		\$600	\$1,600	\$3,060	\$5,618	\$8,739	\$13,535
COGS		\$382	\$1,018	\$1,990	\$3,668	\$5,701	\$8,832
Gross Profit		\$218	\$582	\$1,070	\$1,950	\$3,039	\$4,703
Operating Expenses							
Sales & Marketing		\$30	\$80	\$234	\$413	\$638	\$983
General & Administrative		231	258	505	784	1,169	1,723
Total Operating Expenses		\$261	\$338	\$739	\$1,197	\$1,807	\$2,706
Operating Income		(\$43)	\$244	\$331	\$753	\$1,232	\$1,997

Management Team

Arun Durairaj – Strategy and Operations

Arun's professional experience includes six years of product management experience at Tata Group in India and United States. During the summer of 2010, Arun worked with Partners' venture capital arm evaluating investment opportunities in young companies in healthcare field. Arun is also a founder of an Indian based non-profit organization that helps children gain access to education.

Elvir Mujanovic - Finance

Elvir spent four years working at UBS and Merrill Lynch's fixed income divisions underwriting mortgage-backed bonds. This past summer, Elvir worked at Free Flow Power Corporation, an alternative energy startup focused on developing hydropower facilities in rivers and dams. Elvir holds a Bachelor of Science degree in finance and accounting from Northeastern University.

Seth Gilmore – Marketing and Sales

Seth's first job out of college was as an assistant to the Pulitzer Prize-winning playwright, Tony Kushner, author of "Angels in America." Prior to business school Seth worked in the newsroom of The New York Times in a variety of managerial positions. He spent much of the past summer in rural India developing True Products LLC.

Lily Han – Business Development

Lily's professional experience spans from sales to new product development and business development at Merrill Lynch. Lily developed new capital market products for the retail distribution channel at Merrill Lynch. This past summer, Lily worked at Bloom Energy, a Kleiner-backed fuel cell manufacturing company, serving as an internal consultant on business development issues.

Principal Advisors

Kevin McClamroch, VP, Sales, Adams-Burch

Adams-Burch is the nation's largest independent distributor of restaurant supplies. He is an honors graduate of the Kelly School of Business at Indiana University where he earned his BA in Marketing and his MBA in Finance. While finishing his degrees he worked off campus as an Associate Consultant at R. Willet, Inc. (clients included Beatrice Foods, Piper Aircraft and Illinois Gas and Electric). Upon graduation Kevin joined the Mead Corporation where during his time there worked as Director of Strategic Planning, Mead Merchants Div.; Outside Salesperson, Chatfield Paper Co.; General Manager - Dayton Branch, Chatfield Paper Co.; General Manager - Atlanta Branch, Chatfield Paper Co. Kevin then joined the International Paper Co. where during his time there he worked as President - Crown Supply Co., CDA Div. For the past 18 years Kevin has been with Adams-Burch and is currently the Vice President - Sales. Kevin is proud of his professional affiliation with the Dale Carnegie Institute, SCA Product Advisory Council, Oneida Product Advisory Council, Adams-Burch President's Council, DC Club Managers Association and DC Restaurant Association.

Ian Jacobson, Chief Financial Officer, Eco-Products, Inc.

Eco-Products, Inc. manufactures and markets foodservice packaging and paper products made from renewable resources and recycled content in the United States, Canada, and Mexico. Its products include hot and cold cups and lids, sugarcane plates and bowls, cold food and soup containers, cutlery, utensils, trash liners and shopping bags, hot cup accessories, sugarcane clamshells, straws, biobags, and custom printing, as well as packs, sleeves, and kits. The company offers its products through its online store and distributors. Eco-Products, Inc. was founded in 1990 and is based in Boulder, Colorado.

Gregg Fairbrothers, Adjunct Prof. of Business Admin., Tuck School of Business at Dartmouth

Founding Director, Dartmouth Entrepreneurial Network; Adjunct Professor of Business Administration, Tuck School of Business; Founding Chair, Dartmouth Regional Technology Center. Academic positions: Founding Director, Dartmouth Entrepreneurial Network, Dartmouth College, 2001–present; founding Chair, Dartmouth Regional Technology Center, 2002–present; Tuck School of Business, 2004–present. Nonacademic positions: Texaco, Inc., 1977–80; President, Samson Resources; Founding President, Samson International, Ltd., 1980–2000. Board memberships: Chairman: Dartmouth Regional Technology Center, 2004–present, Benexus, 2007–present, Cognitive Electronics, 2010–present; Board of Trustees, Eleazar Wheelock Society, 2008–present; Board adviser to numerous startups and early stage companies.