



Executive Summary

Loyalty Lane has been developing our software solution and delivering it to the market place to capture and process POS transactions, provide SaaS reporting web-portals and manage ancillary marketing services for retailers for over 5 years now. We have a proven track record and solution delivery model currently implemented in nearly 200 retail locations and growing at 30% growth rate. Further demonstrating our potential for market dominance, we maintain a 99% customer retention rate. We have multiple warehouse distributors pushing our solution to their retailers. We have developed our software and own all our technologies. Our gross-profit margins are 85% and our EBITDA now is 18% and is on track to be 30-35% for maximum valuation prior to going public or selling. Our annualized recurring revenues are now north of \$1 million and growing at 300%.

Loyalty Lane has developed tools which enable the retailers to implement target marketing techniques to positively impact their top and bottom lines. We also help retailers gain insight into the profile of their customer base. With the data metrics provided, Loyalty Lane guides the retailers to implement measurable targeted-marketing promotions to the different segments of the customer base. Our customers quickly adopt a mode of operation that they “can’t live without us” because they see immediate results that they never thought would be so easy.

We charge our retailers a weekly subscription fee based on their revenues, not specifically tied to number of customers or “members”, for our services that renews automatically every year, setting the stage for compounded growth as we maintain our 99% customer retention rate. We spent the first 3.5 years developing and fine-tuning our offerings; we started our limited sales push during the past 18 months and now we have over 200 retailer locations implemented and a substantial backlog, contributing to a predictive trailing revenue stream.

Loyalty Lane’s Business Model:

Loyalty Lane’s services are ***proven, unique, disruptive and convenient.***

Independent retailers use Loyalty Lane services to develop and build customer loyalty and thereby increase retailers’ revenues and overall profitability. This enables them to stay competitive against their competitors.

Most consumers shop for groceries and their routine needs. Rewards programs work, which is why large corporations like national retailers, airlines and credit card companies have been using them for years. The cost of having Loyalty Lane do marketing services and rewards is much lower to the retailer than if they tried to do it on their own.

Year	Revenues in '000s	Yr End Backlog
2007	\$91	\$20
2008	\$180	\$60
2009*	\$507	\$350
2010*	\$1,700	\$1,300
2011*	\$4,500	\$3,000

Intelligent use of its data-warehouse for both the retailers and their vendors is a key to the company's valuation and success. The consumer market trend for on-line and bricks and mortar retailers is rapidly moving towards individualized, targeted and mobile marketing; Loyalty Lane is poised to be a leader in this space. Hence, once capitalized per this plan, Loyalty Lane is primed to grow exponentially; the company's technologies and services are setup to be scalable for rapid increases in sales.

Financial Offering:

The Company is seeking capital for a controlled national expansion. With the accumulation of years of consumer buying patterns and preferences correlated to seasonal and geographical patterns by consumer will be of great value to many entities, triggering the building a data-warehouse of actual U.S. household detailed shopping data.

From an industry and financial valuation standpoint, we are in the highly regarded "ASP" and "Digital Marketing" spaces so we can garner large multiples and valuations for our shareholders. The shares that have been sold thus far at \$0.78 established the current value of the company at \$4.53 million. As a result of our growth and retention rate, given our limited actual market penetration, our Company's valuation, in terms of our very real quantifiable value as well as our qualitative value (the "value-add" we give our retailer customers) has increased significantly. At present, 180,000 shares are available at the price of \$0.78 stock (Friends and Family Regulation 504 stock). The company is closing this round imminently and is putting out one last call to Friends & Family and other potential investors in its network of contacts before it closes this round. Funding received in this F&F round will be used for personnel expansion to meet clear our backlog of implementations scheduled and immediately grow revenue even more. The company will then be seeking an institutional round combined with a few individual investors, to fuel our national expansion at a market valuation reflective of the current traction and growth we are experiencing.

Exit:

Although the solid, profitable growth of our customer base and subsequent reoccurring revenue streams should be sufficient to garner a substantial multiple on stock value, the addition of the quantitative value of our rapidly growing aggregate consumer buying behavior data will serve to virtually guarantee a strong value at exit. The company is now positioning itself to target potential suitors who would stand to benefit greatly from our technologies, data-warehouse and marketing services. We expect to sell to a strategic acquirer or go public at an industry average price per share between \$4.00 and \$10.00 within 3 to 5 years.

Please visit our Website at:

<http://www.loyaltylane.com>

Please see our online presentation for retailers at:

<http://www.loyaltylane.com/presentation.html>

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