

ITEM	THE OFFER	OUR COUNTER	THEIR RESPONSE
PRINCIPAL AMOUNT	\$200,000	N/A	N/A
INTEREST	Interest at 12%	8%	9.5%
INTEREST PAYMENT	Monthly interest payments	Quarterly interest payments	OK
PRINCIPAL REPAYMENT	Yearly principal repayment	Principal paid in balloon at the end	Principal of \$25,000 each year, balloon at end
TERM	Maturity (final due date) in 3 years	5 years	4 years
CONVERTIBILITY	Note convertible to common stock	N/A	N/A
ANTI-DILUTION	Preemptive rights and right of first refusal on future investments in company with 90 days' notice	30 day notice	45 day notice
SECURITY INTEREST	Note secured with assets, inventory and proceeds	N/A	N/A