

TAO Group Transaction
Summary of Proposed Material Terms

Blackstone

January 9, 2013

Mr. Bill Etkin
Etkin & Company, Incorporated

Re: TAO Group Transaction

Dear Bill:

We are pleased to submit this non-binding indication of interest of financing to the TAO Group on the general terms outlined below. The terms outlined below are not meant to be all-inclusive and we would furnish a more detailed summary of terms upon further diligence and discussions with you. Furthermore, all terms and conditions shall be subject to our satisfactory completion of due diligence and underwriting of the asset and satisfactory documentation.

Issuer: Newly-formed holding company ("Holdco") created through the acquisition of all TAO Entities identified on Schedule A. Acquisition to be effected by separate mergers of each of the TAO Entities with and into subsidiaries of Holdco

Investor: Affiliates of Blackstone Tactical Opportunities Fund

Investment Amount: \$100,000,000

Security: Security will be structured as preferred stock and will have a liquidation preference over all equity holders in a sale, wind-up or liquidation of Holdco

Dividend: Security will receive a 12% dividend on the following basis:
1) 6% of principal will be paid in cash, on a quarterly basis
2) 6% of principal will be payable-in-kind ("PIK") on a quarterly basis, thereby increasing the principal balance quarterly

Penny Warrants: The Investor will receive penny warrants equal to 20% of the fully-diluted equity of HoldCo. The warrants shall be detachable from the Security and exercisable upon any liquidity event for the Company's shareholders. Warrant holders shall receive customary drag and tag-along rights to participate in any equity offerings by shareholders

Closing Date: [February 28, 2013]

Term: 7 year maturity

Origination Fee: [1.0%] of the Security, payable to Investor and earned at closing.

Prepayment: The Security shall be pre-payable at any time subject to a minimum multiple of invested capital on the security of [1.75x] the Investment Amount. Notwithstanding anything contained herein, the Penny Warrants shall survive any prepayment and are not subject to prepayment or redemption except at the option of Investor or its successor entities

CONFIDENTIAL DRAFT — FOR DISCUSSION PURPOSES ONLY

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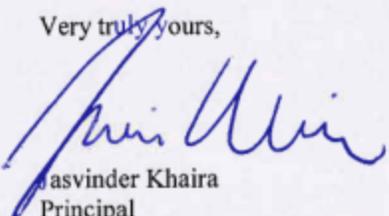
- Acquisition Indebtedness:** Investor shall work with shareholders of Holdco to help raise debt financing on terms acceptable to Investor and shareholders of Tao Entities. The amount of the acquisition indebtedness raised shall not exceed \$175 million (including a revolving credit facility to be available to be drawn to fund working capital and on-going projects)
- Tax Distributions:** Until the preferred stock is redeemed or prepaid, Members of the Tao Entities will not be entitled to any distributions except for tax distributions in respect of their tax obligations
- Governance:** Current management will oversee and have decision-making authority for all operations and growth of the business, except as provided below:

Board approval (including at least one representative of the Investor and current management) will be required for a limited number of specified actions to be agreed upon (including capital investments in excess of an agreed upon amount or outside the scope of the business (broadly defined)).
- Employment Agreements:** Base salary for each of MP, RW, NT and JS equal to \$750,000 per annum. Annual bonus amounts and targets to be determined in consultation with Investor
- Management Fees:** Existing management fees will be terminated effective as of the closing in accordance with existing TAO entity operating agreements
- Ongoing Capital Commitments:** Investor is willing to consider providing an equity financing line on agreed upon terms to finance in part the future expansion of the business. Blackstone looks forward to discussing the anticipated size and expected utilization of such a line prior to providing terms

This indication of interest is not intended to be, and should not be construed as an attempt to establish all of the terms and conditions around which the Security will be structured, and not to preclude negotiations within the general scope of these terms and conditions. This indication of interest reflects the intention of the parties, but for the avoidance of doubt neither this indication of interest nor its acceptance shall give rise to any legally binding or enforceable obligation on any party. No contract or agreement providing for any transaction involving the Security shall be deemed to exist between Holdco and Investor and any of their affiliates unless and until a final definitive agreement has been executed and delivered. In the event of an inconsistency between this indication of interest and the final Security documents, it is intended that the Security documents shall control.

We look forward to working with you on this opportunity. Please feel free to call me with any questions you may have concerning the foregoing.

Very truly yours,


Jasvinder Khaira
Principal
Blackstone Tactical Opportunities Advisors LLC

CC: David Blitzer, Senior Managing Director, Blackstone