



***“BUILDING SUCCESSFUL COMPANIES OF THE FUTURE.
PROVIDERS OF CAPITAL AND EXPERTISE”***

CORNERSTONE ANGELS seeks to provide financial capital and mentorship to early-stage companies nationwide, with a focus on the greater Midwest.



**CORNERSTONE
ANGELS**

**MEMBERSHIP AND APPLICATION
BROCHURE**

Michael Gruber
Cornerstone Angels
2100 Sanders Road, Suite 170
Northbrook, IL 60062
Phone: 847-739-0100 x1
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Cornerstone Angels | Confidential

September 15, 2012

Dear Present and Former Members:

Thank you for involvement and participation in our Cornerstone Angels activities.

To date, through our angel investment activities since 2003, our members have invested in 27 companies. The group has developed an extremely robust deal flow, and attracts quality opportunities from across the country. Cornerstone Angels continues to be a leader in syndicating and co-investing with investors across the country, including angels, angel groups, family offices, and venture capital firms.

There have been partial or full liquidity events in 6 of these companies to date. Some notable examples include:

- SmartCells, a 2005 investment, was recently acquired by Merck for \$500MM in December 2010, representing close to a 100x return for investors.
- Turin Networks merged with FORCE10 Networks in 2009, which subsequently was acquired by Dell Computer for \$700 million in July 2011.
- RMI was acquired by public company NetLogic in 2008 for close to \$180MM.
- Amyris, Inc. executed an IPO and raised \$85MM in September 2010.

PORTFOLIO COMPANIES

- IMH, Inc.
- Lucky Litter
- Syrus Global
- Smart Cells
- VascAlert
- OrganicToGo
- OurStage
- Power.com (CartUp)
- 10x Technology
- Teladoc
- Amyris Biotechnologies
- Jiminy LLC
- Digital Acoustics
- Turin Networks
- Neuros Technology
- Advanced Diamond Technologies
- Gearbox Express LLC
- Lumec Control Products
- Fisker Automotive
- Agrivida
- Hardcore Computer
- Endotronix
- Physician Software Services
- Intellihot
- Inovus Solar
- Greenpoint Partners
- RMI

We look forward to your future participation.

Sincerely,

Michael C. Gruber
Founder & Managing Director

Laurence K. Hayward
Managing Director

Introduction

Cornerstone Angels (“Cornerstone”) seeks to bridge the growing funding gap between start-up and institutional capital, improving economic development and helping to seed the companies of tomorrow.

Cornerstone Angels is a membership-based private investment group composed of successful entrepreneurs and business executives. The group seeks to provide financial capital, mentorship, and advisory support to high growth organizations. The company will consider opportunities nationally, but is focused on the greater Midwest given its Northbrook, IL base.

Cornerstone Angels was founded by Michael Gruber and Laurence Hayward in October 2006, and was an out birth of previous angel investment activities that Michael was involved with and led since 2000. The group invests across sectors with particular interest within: Software, Web & Mobile; Manufacturing, , Industrial & Energy, Consumer/Retail & Food/Beverage; and Health, Wellness & Medical Devices. We do not currently invest in Life Sciences, Biotech, Real Estate, or Movies. Our focus areas continue to evolve each year depending on the interest of our members, and we look to our members to help drive new sectors of interest, and welcome the ability to leverage our members’ expertise and network.

The group looks to foster strong cooperation amongst its members, and allows for strong friendships and business relationships. In addition to investment opportunities, Cornerstone Angels also provides a strong mechanism to bring together seasoned executives with companies to help accelerate growth.

The Funding Gap

In 1995, approximately 24% of all “institutional” venture capital went to companies at the seed or start-up stages. In 2011, sixteen years later, only 10% of venture capital went to those companies, with the balance going to increasingly later-stage opportunities. (Note: these statistics are on a “number of deals” basis; on a dollar basis the percentages would be 17% and 3%, respectively).

The economy has taken an additional toll on early stage investing. In the period 2008-2009, during the recession, we saw quarterly investments in venture capital go from about \$7.5B per quarter in Q1 2008 in ~1,000 deals to a low of ~\$3B in Q1 2009 in about 450 deals, and rebounding to ~\$4.5B in Q3 2009 in approximately 600 deals. There has been an improvement in the investor sentiment since then, with venture capitalists investing \$28.4 billion in 3,673 deals in 2011, an increase of 22 percent in dollars and a 4 percent rise in deals over 2010. However, we continue to observe that Midwest venture firms account for less than 10% of venture investments (going as low as less than 4% in Q1 2009 and 5.1% in FY 2011), and with those investments overwhelmingly focused on medical devices and biotech. (Source: 2011 PWC/NVCA MoneyTree Report)

As a result of the recent economic downturn, much of the Midwest venture capital money has been set aside for existing portfolio companies, leaving very little for investments in new companies. And there has been a considerable drop off on new fundraising such that there is not a new supply of fresh institutional capital available to make investments.

Entrepreneurs seeking capital for their start-up companies must adapt to this harsh reality. If they happen to be located in the Midwest, the challenge is even greater. In 2011 nearly 62% of all venture capital was invested in just three regions of the nation: Silicon Valley, New England and NY Metro. The states in the

Midwest Region of the US received just 5.1% of US venture capital investment in 2011. (Source: 2011 PWC/NVCA MoneyTree Report).

The Opportunity

Ironically, early stage venture capital has outperformed other asset classes over the last twenty years. The returns for the most recent periods are quite muted given the downward tailspin in the economy; however, VC investing continued to handily outperform both the private equity and public benchmarks.

U.S. Private Equity Performance Index '94-2010

Fund Type	Geometric Mean 10yr Returns*	Arithmetic Mean 10yr Returns*
Early/Seed VC	37.8	31.8
Balanced VC	16.7	14.0
Later Stage VC	10.5	8.8
All Venture	20.3	17.1
NASDAQ	4.0	3.5
S & P 500	4.5	3.8

Source: Thomson Venture Economics/National Venture Capital Association

* Since period end date can influence returns, 10 year returns from years ending 2004-2010 were averaged

Still, having been burned by early-stage investments in the bubble years, many venture capitalists found it easier to attract pension fund money by investing in later stage opportunities, adjusting their investment criteria accordingly. Many large funds have become more like money managers, with the need to deploy large

amounts of capital, and can't invest the time and energy to nurture and mentor budding entrepreneurs.

Early-stage companies by the very nature of their stage take a longer time to reach a liquidity event, but at the same time, these longer duration investments have been shown to be able to better withstand many of the short-term vagaries and problems of the market.

Filling the Gap

According to Angel Capital Association, there are approximately 330 angel groups in the United States and Canada. According to both the UNH Center for Venture Research and PWC Money Tree, angels invested \$22.5 billion into 66,230 companies in 2011, most of which were early-stage. By comparison, institutional venture capital firms invested \$28.4 Billion in 3,673 deals, most of which were later-stage. It is estimated that there were 318,480 active angel investors in the U.S. in 2011.

As institutional venture capital firms have moved to later-stage deals, angel investors have filled the gap, providing financing to early-stage companies. But there are some challenges associated with moving from institutional to angel capital.

Most angel investors don't have the vast resources of institutional venture capital firms, which typically include a staff of analysts and a team of partners with years of experience evaluating opportunities, conducting due-diligence, negotiating terms and structuring deals. Venture capital firms often see hundreds of deals before selecting the best opportunity, giving them a better perspective and an opportunity to be highly selective. Further, their large pools of committed capital allow them to more easily diversify across many opportunities.

Fulfilling Critical Funding Needs

Our Cornerstone Angels group is focused on closing the funding gap between the 'friends and family' stage and the Venture Capital stage. This has always been a difficult stage to raise capital, and with this difficulty becoming even more acute in the last few years given the economic downturn.

Our goal is to provide our financial and mentor capital to help build a dynamic entrepreneurial and investor community in the Midwest, though we do consider opportunities across the country. To work towards this goal, we target opportunities which can grow quickly into large sustainable businesses, and which will fuel innovation and job creation within our region.

We target companies raising \$500K to \$3MM, with pre-money valuation up to \$5MM. Our sweet spot for initial investment is in the range of \$100K to \$500K. With these considerations, we are either involved as a single party in a small round or as part of a larger round. Based on the specific financing needs, our investments have ranged from as little as \$10k up to ~\$1MM, and through our network and alliances with multiple investment parties, we can be helpful in bringing together syndicates of several million dollars.

Deals that interest us typically satisfy the following minimum criteria:

- Provide a core market penetration opportunity
- A product or service which would satisfy needs/wants of the target market
- Valuation- entrepreneur valuation should be based on reasonable assumptions and market appropriate
- Management- key positions filled and with clear delineation of who the next hires would be combined with strong domain knowledge. The management should be

able to clearly identify the sales/marketing channels they will target as well as typical customer acquisition costs

- Some level of customer traction and market validation in the form of existing sales
- Capital raised will be focused on marketing and sales execution – not product development

Going Beyond Funding

Our role does not stop at just providing the funding as a one-time investor. Our goal is to support the company through its life cycle of growth. Beyond our direct membership base, we also have a network of several hundred angel investors of significant stature across many industry sectors and broad functional expertise. We leverage this expertise and experience to provide valuable guidance and mentorship to entrepreneurs through their execution. Our members like to be involved as mentors with our portfolio companies introducing them to new customers/clients, suppliers/distributors or helping in strategic business development. These efforts have played a major role in our current crop of portfolio companies gaining solid credibility in their respective fields.

Cornerstone Angels is a member of the Angel Capital Association and is active in collaboration and syndication with groups not only in the Midwest (IL, IN, WI, MI, MO, OH), but also across North America, including Boston, Silicon Valley, Austin, Los Angeles, Seattle, D.C. Metro, Calgary, Edmonton, and NY Metro. We will actively support companies and entrepreneurs under funding consideration by making introductions to other parties as relevant and based on interest.

In addition to its strong angel group relationships for deal flow and investment syndication, Cornerstone Angels also has strong relationships with venture firms nationwide to help support our companies during its growth phase. Cornerstone also has a unique relationship with Independence Equity, an early stage fund in

Northbrook, IL and with Larry Hayward and Michael Gruber being two of the partners, where Cornerstone Angels members will have the opportunity to co-invest with the fund for any deals that originate from Cornerstone, and into which the Independence Equity fund decides to invest. Cornerstone members will be able to benefit from the institutional level due diligence, and have the benefit of larger amounts of capital that they can invest alongside. Independence Equity is focused on opportunities that improve resource utilization, and which will be largely within the industrial process innovation and cleantech sectors.

How We Help Our Investors?

- Significant deal flow which has averaged 250-300 deals per year
- Provide access to over 30 pre-screened deals per year through our formal meetings, as well as access to a select number of additional opportunities
- Investors can diversify their investment portfolio through the opportunity to invest across different industry sectors and in numerous investment opportunities under the Cornerstone umbrella
- Investors benefit from the deep and broad expertise in the group, especially in areas typically outside an individual's comfort zone
- Ability to participate in investments with other angels so that a company is better capitalized to execute on its business objectives
- Interaction and networking with other successful people for the building of strong friendships and business partnerships. A calendar of investment, social and educational events is planned each year
- Investors get an opportunity to mentor and "give back" to the next generation of entrepreneurs
- Coordinate and facilitate the synergistic connection of individuals with appropriate companies with equity-related opportunities to assist the company in its growth

A Cornerstone Angels member is:

- A successful individual with strong interest and capability in making private equity investments.
- A trusted, honest and respected member of our business community.
- A contributor of time, wisdom and expertise to our funded companies and soon-to-be-funded companies.
- A person who enjoys building relationships with other members and companies we fund.
- A person who believes in building our entrepreneur community within the Midwest, and giving to our community through charitable and social activities.

How We Help Entrepreneurs?

- We provide a platform to present in front of a group of highly qualified and experienced accredited investors who are highly interested in providing funding and mentorship to deserving companies
- Provide access to a network of executives, through members as well as external, who have functional expertise in the areas the company needs assistance
- We provide detailed recommendations and feedback to entrepreneurs to assist them in pitching their investment opportunity to investors
- We introduce the company's investment opportunity to our nationwide network of affiliated (formal/informal) Angel groups to see interest in investment or for possible syndicated investments. Besides providing an increased probability of securing financing, this also reduces the time spent on the due diligence process at the other groups
- As the presentation and due diligence process is carried out as a group, it saves Entrepreneurs from the need to find, locate and coordinate meetings with Angels individually.

- Companies who don't secure financing become part of the "Cornerstone Network", and will be considered for investment in the future based on additional traction

Our Guiding Principles

Devotion – Cornerstone members are devoted to the cause of turning entrepreneurial acorns into corporate oaks, fostering innovation and economic development in our region and country.

Discipline – Cornerstone members exercise a disciplined approach to investing following a rigorous screening process and combining their resources to conduct due-diligence on prospective deals.

Mentorship – Cornerstone members are passionate about building businesses. They seek to get involved, situation permitting, by helping selected companies grow and develop. As a coordinating body, Cornerstone will help members find advisory board and related opportunities to become actively involved in companies if they are inclined to do so.

Charity – Cornerstone members seek to become actively involved in their communities, contributing to important social causes in addition to the cause of economic development. If you're going to call yourself an "angel", you must commit to a cause.

Investment Process

Cornerstone prides itself on helping its members bring rigor to the process of screening and evaluating investment opportunities.

Cornerstone generates deal flow through its extensive network, which includes management, members, sponsors, partners, past presenters, as well as the broader community of venture capital, banking, and professional services firms. Cornerstone also

maintains ties with other angel investment groups and economic development groups across the country.

Cornerstone utilizes a number of online tools to allow its members to review deals as well as to keep informed of activities. Gust is the primary deal pipeline management system that the group uses for reviewing deals, sharing and reviewing documents, and providing indications of interest. Upon becoming a member, each person will receive a username and password for access.

The investment process can be broken down into the following main categories:

Pre-Screening: Entrepreneurs apply for consideration by submitting an executive summary and standard company profile. Cornerstone members review these documents applying key criteria to determine the appropriateness of the opportunity. Key criteria include: the problem or opportunity, market size and characteristics, product or service value proposition, intellectual property or uniqueness, business model, management, competition, funding required, valuation, ROI potential, and exit opportunities.

Deal Screening: Opportunities that pass the pre-screening evaluation move to the interview stage, where a member of Cornerstone contacts the company to engage in a review of the company's operations and management team. If the company's application meets key criteria, a Cornerstone point person recommends them for invitation to a Deal Screening session. Companies invited to a Deal Screening Session deliver a 10 minute presentation followed by 10 minutes of Q&A in front of the Cornerstone Investment Committee and deal screening panel.

Company Investigation: The most promising companies from the Deal Screening Session enter into an early due diligence investigation process. A Cornerstone member is identified as a point-person of the selected company, and then leads further review of the company, with the net product being a report on the

merits of the opportunity, and whether to invite the company to the Investment meeting. The Investment Committee will review each Company Report, and decide on company selections to Investment Meeting.

Investment Meeting: Companies selected by the Investment Committee are invited to present to Cornerstone members and other investment partners at the Investment Meeting. Typically, only two or three companies from the many applicants make it to this stage. The selected companies present for 15 minutes, with up to 20 minutes allocated to Q&A. After all presentations are completed, the presenting companies leave the room, and members evaluate each company in an open and lively discussion regarding the merits or concerns of each opportunity. Cornerstone documents and aggregates the feedback on each company. It provides this information to the company's management team in aggregate form only, keeping investor input anonymous. This information is kept confidential and is shared only with a specific company's management team, Cornerstone members, and other interested investors.

Following the investment meeting, interested members share their information with Cornerstone. Attendees who can offer complimentary resources such as referrals are also encouraged to provide their contact information. Cornerstone works with the interested parties (investors) to coordinate follow-up with the company including helping to organize conference calls and meetings. Typically, one interested investor is identified as the "lead" or "champion" and will function as the primary contact person between the company and the interested investors. That champion will help aggregate and share information amongst the interested parties.

Our Portfolio

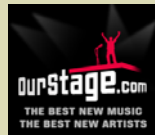
Our efforts have always been to follow a disciplined approach to reviewing opportunities, and assembling a select group of investor members and partners that provide meaningful contributions to companies in the form of both direct investment as well as advisory support.

Through our efforts since our launch we have built a portfolio of 27 companies. Our portfolio companies have raised a combined amount estimated to exceed \$1.7 Billion from all sources.

A partial list of venture capital and private equity co-investors include: Amerindo Investment Advisors, Baker Capital, Bright Capital, Cardinal Partners, DAG Ventures, DCM, DFJ, HLM Venture Partners, Illinois Ventures, Independence Equity, Khosla Ventures, Kleiner Perkins, Millenium Private Equity, New Capital Partners, New Enterprise Associates, Palo Alto Investors, Presidio Ventures, Qatar Holdings, S-Group Capital Management, Sumitomo Corporation, Sequoia Capital, Tudor Ventures, Trident Capital, Worldview Technology Partners, and US Venture Partners.

There have been partial or full liquidity events in 6 of these companies to date. Some notable examples include:

- SmartCells, a 2005 investment, was recently acquired by Merck for \$500MM in December 2010, representing close to a 100x return for investors.
- Turin Networks merged with FORCE10 Networks in 2009, which subsequently was acquired by Dell Computer for \$700 million in July 2011.
- RMI was acquired by public company NetLogic in 2008 for close to \$180MM.
- Amyris, Inc. executed an IPO and raised \$85MM in September 2010.



Participating in Cornerstone

There are several ways to become actively involved in Cornerstone Angels:

Members: In accordance with our guiding principles, Cornerstone selects its members carefully. To become a new member, applications will require both nominations from existing members and references. Additional information is available by requesting a membership application

Companies: Companies seeking financing from Cornerstone Angels should submit an application to Cornerstone from the Entrepreneur tab at the website or to following link:
www.gust.com/apply/cornerstone

Sponsors: There will be limited opportunities to a select group of organizations in order to maintain a safe, non-solicitation and exclusive networking environment for members. Sponsor categories include: Legal, Auditing/Accounting, Wealth Management, Commercial Banking, PR, and HR & Search.

Partners: Cornerstone actively collaborates with organizations who share synergistic objectives. Cornerstone seeks partnerships related to our investment, education, and charitable activities.

Volunteers: Cornerstone actively seeks individuals who share our passion for assisting early stage companies and providing mentoring to their management teams.

Contact Us:

For Membership, and Sponsorship/Partnership Information:

Michael C. Gruber: 847-739-0100 x1,
michael@cornerstoneangels.com

Laurence K. Hayward: 847-739-0100 x2,
larry@cornerstoneangels.com

For Investment Consideration:

All investment opportunities must be submitted through a web application.

To submit company information for review:
www.gust.com/apply/cornerstone

Achint Prabhat: (217) 418-9365
achint@cornerstoneangels.com

Physical Address:

Cornerstone Angels
2100 Sanders Road, Suite 170
Northbrook, IL 60062

Web Address: www.cornerstoneangels.com

You can find us on **Facebook** at: [Facebook/Cornerstone Angels](https://www.facebook.com/CornerstoneAngels)

And on **YouTube** at: www.youtube.com/user/cornerstoneangels

On **LinkedIn** at: <http://www.linkedin.com/companies/854043/>

The Schedule

The calendar for each year is set in advance, with dates all set and available online. Any changes will typically be listed at the Cornerstone Angels website as well as through Gust, the online system that we utilize for deal screening, due diligence, and communication amongst members.

<http://www.cornerstoneangels.com/calendar/>



MEMBERSHIP APPLICATION

2013

By Invitation Only

Please complete and sign the attached
Application & Investor Suitability Questionnaire and mail or fax to:

Michael Gruber
Cornerstone Angels
2100 Sanders Road, Suite 170
Northbrook, IL 60062
Phone: 847-739-0100 x1
Fax: 224-723-5071

Cornerstone Angels & Its Members

Cornerstone Angels seeks to provide financial capital and mentorship to early-stage companies in the greater Midwest. Our group is a private investment organization composed of highly successful executives, entrepreneurs, and investors. Cornerstone orchestrates a rigorous and disciplined approach to angel investing.

Our goal is to help bridge the widening gap between initial start-up capital and institutional financing. We target investment opportunities ranging from \$250K to \$2MM, with our members often syndicating with other angel or venture capital investors. We also seek opportunities where our members can add value to help our portfolio companies achieve critical milestones.

We are primarily focused on building a dynamic entrepreneurial and investor community in the Midwest, though we will consider selected opportunities across the country.

Cornerstone Angels actively seeks to make contributions to the community and local charities, which includes evaluating socially conscious investment opportunities.

A Cornerstone Angels member is:

1. An active private equity investor.
2. A trusted, honest and respected member of our business community.
3. A contributor of time, wisdom and expertise to our funded companies and soon to be founded companies.
4. Enjoys building relationships with other members and companies we fund.
5. Passionate about giving back to the community through mentorship as well as charitable giving.

CONFIDENTIAL – MEMBERSHIP APPLICATION

(REQUIRED FOR MEMBERSHIP IN CORNERSTONE ANGELS)

This Questionnaire is being provided to prospective members in order to provide Cornerstone Angels with information to confirm that the undersigned (hereinafter the “Investor”) has sufficient sophistication and ability to take financial risk to meet the standards for availability of the private offering exemption from the registration requirements of the Securities Act of 1933, as amended (the “1933 Act”), and the qualification requirements of other applicable securities laws.

This information will update your contact information, accredited investor status, as well as signature and agreement to both Terms of Participation and Fees relating to Cornerstone Angels membership.

Please provide a response to each question. If an answer to any question is “none” or “not applicable”, please state the reason. If you have any questions regarding the meaning or interpretation of any items of this Questionnaire, please contact:

Michael Gruber
Cornerstone Angels
2100 Sanders Road, Suite 170
Northbrook, IL 60062

michael@cornerstoneangels.com
Phone: 847-739-0100 x1
Fax: 224-723-5071

BY ACCEPTING THIS QUESTIONNAIRE, CORNERSTONE ANGELS
AGREES TO KEEP THE INFORMATION IN IT CONFIDENTIAL.

A. IDENTIFYING INFORMATION

Investor's full name(s): _____

Occupation: _____

Primary Employer: _____

Title: _____

Company Address: _____

Business Phone: _____

Home Address: _____

Home Phone: _____

Preferred Email: _____

Preferred Fax: _____

Mobile Phone: _____

B. "ACCREDITED INVESTOR"

Investor understands that only persons who are "accredited investors," as defined in Regulation D under the 1933 Act, may become members of Cornerstone Angels. If an individual investor represents that he or she is an "accredited investor," because Investor meets one or more of the categories below. (Investor should initial each applicable category.)

_____ (a) A natural person (i.e., an individual) whose net worth, or joint net worth with the individual's spouse, exceeds \$1,000,000, excluding the primary residence, as of the date of this Application.

_____ (b) A natural person (i.e., an individual) whose individual gross income exceeded \$200,000 in each of the two most recent calendar years, or whose joint gross income with the individual's spouse exceeded \$300,000 in each of the two most recent calendar years and, in either case, the person has reasonable expectation of his single or joint gross income, respectively, reaching the same level in the current year.

_____ (c) A corporation, private equity, venture capital, family office, other investment partnership or entity that qualifies as an accredited investor under the applicable securities laws.

C. FINANCIAL INFORMATION

Is investor's net worth at the date hereof (check box) appropriate line)?

- less than \$1 million
- >\$1 million and less than \$3 million
- >\$3 million and less than \$5 million
- >\$5 million and less than \$10 million
- >\$10 million and less than \$25 million
- >\$25 million and less than \$50 million
- >\$50 million and less than \$100 million
- more than \$100 million

D. INVESTMENT AREAS OF INTEREST

Which industries or sectors are you most interested in for investments?

- | | |
|---------------------------------------|---------------------------|
| Software/IT _____ | Internet _____ |
| Telecom/Wireless _____ | Healthcare _____ |
| Manufacturing _____ | Financial Services _____ |
| Energy/Cleantech _____ | Media/Entertainment _____ |
| Retail/Consumer/Food & Beverage _____ | |
| Other (please specify) _____ | |

What stage of companies interests you?

Concept/Pre-Product _____

Seed _____

Series A _____

Growth Equity (Series B or C) _____

Late Stage (targeted last round prior to exit) _____

Turnaround _____

TERMS OF PARTICIPATION IN CORNERSTONE ANGELS

Cornerstone Angels arranges private, invitation-only meetings or forums whereby Issuers present their businesses to potential Investors. Those Issuers are generally seeking private investments from the potential investors. Under applicable securities laws, Issuers conducting private offerings of their securities must observe various requirements, including that private offerings may not involve any advertising or general solicitation. Cornerstone Angels does not permit advertising or general solicitation and parties that express interest in an Issuer must demonstrate appropriate qualifications and must agree to the following terms:

1. Investor agrees not to forward or disseminate invitations received from Cornerstone Angels and acknowledges that invitations are only for the intended recipient. If you desire to introduce any other potential investor to Cornerstone Angels, please contact Cornerstone Angels so that Cornerstone Angels may extend an invitation as appropriate. Cornerstone at its discretion may request that a non-member investor become a member of Cornerstone prior to an investment.
2. Investor may learn of private offerings through Cornerstone Angels that are subject to state and federal securities laws, which prohibit, among other things, the communication or retransmission to anyone of information received by Investor from Issuers through Cornerstone Angels. Such information is for the sole use of Investor and may not be reviewed by or shared with others. To the extent necessary, Issuers may separately provide information to Investor and to Member's legal, tax and investment advisors.
3. Investor understands and agrees that Cornerstone Angels is not responsible for any information about Issuers represented at its meetings. Investor will not rely on Cornerstone Angels for any information or review of information. Cornerstone Angels makes no representations or warranties about any Issuer, express or implied.

Neither Cornerstone Angels, nor any sponsor of Cornerstone Angels, shall be deemed to endorse any Issuer. Investor understands that he or she is solely responsible for his or her own due diligence investigation of any Issuer.

4. CORNERSTONE ANGELS DOES NOT MAKE, AND HEREBY DISCLAIMS, ANY REPRESENTATIONS OR WARRANTIES REGARDING ANY ISSUER, ANY INFORMATION PROVIDED BY OR WITH RESPECT TO ANY ISSUER, OR ANY STATEMENTS CONCERNING THE ADVISABILITY OR SUITABILITY OF ANY INVESTMENT IN ANY ISSUER, WHETHER EXPRESS OR IMPLIED. INVESTOR HEREBY ACKNOWLEDGES AND AGREES THAT CORNERSTONE ANGELS SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT TO THE OUTCOME OF ANY INVESTMENT THAT INVESTOR MAY CHOOSE TO MAKE IN AN ISSUER OR DAMAGES THAT THE INVESTOR MAY SUFFER IN CONNECTION WITH SUCH AN INVESTMENT, WHETHER DIRECT OR INDIRECT. INVESTOR FURTHER ACKNOWLEDGES AND AGREES THAT CORNERSTONE ANGELS SHALL IN NO EVENT HAVE ANY RESPONSIBILITY FOR INCIDENTAL, SPECIAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES (INCLUDING DAMAGES FOR LOSS OF PROFIT, BUSINESS OR DATA) ARISING OUT OF INVESTOR'S PARTICIPATION AS A MEMBER OF CORNERSTONE ANGELS OR IN CONNECTION WITH AN INVESTMENT IN ANY ISSUER.

5. Investor understands and agrees that all negotiations concerning investments (including price, percentage ownership interest and other terms) will take place directly between Investor and Issuers and that Cornerstone Angels is not acting and will not act as an agent or principal or in any other capacity in those negotiations or transactions.

6. Investor understands and agrees that Cornerstone Angels is not an investment adviser or underwriter for member for any Issuer and that Cornerstone Angels takes no responsibility for the accuracy or completeness of any information about any Issuer

communicated to Investor by any means or by any person at any time.

7. Investor understands that if Issuer wants Investor to agree to other restrictions on the use of the Issuer's confidential information, the Issuer may require that Investor enter into a separate nondisclosure agreement before providing the confidential information.

8. Investor understands that investing in early stage, private companies involves extreme risk and should be considered only by Investors that can afford to lose their entire investment.

9. Investor understands and agrees that Cornerstone Angels may coordinate with other investment parties, or syndicate a potential investment with other parties, including other angel groups, and may have agreements for the sharing of such potential transactions and due diligence.

10. Investor understands and agrees that certain investments might be required to be made within Cornerstone Opportunity Partners, LLC or some other entity, and as such, there may be management fees, carried interest, or other such fees as would be disclosed at that time.

11. Investor understands and agrees Investor will be making an independent decision on each transaction and is not relying on any recommendation or advice of any party or advice of any other party. With any sharing of information or receipt of information, this is not to be construed as advice to invest or not invest in any transaction.

12. Investor understands that this Questionnaire is the entire agreement between Investor and Cornerstone Angels, and may only be amended or waived in writing signed by the applicable party, and shall be governed by the laws of the state of Illinois.

13. Investor understands that Cornerstone Angels is not a broker/dealer and may not sell, offer to sell or solicit an offer to buy any security. References to Cornerstone Angels include its affiliates, agents and representatives.

14. Investor understands and agrees that any conflict of interest for a transaction will clearly be revealed to Cornerstone Angels and its members. Such conflict of interest includes, but is not limited to an advisory role, investment interest, commission, or sales based relationship.

15. Investor understands and agrees that principals of Cornerstone Angels are involved in other business activities, and may represent companies that might present to the Cornerstone Angels group, and the principals may have a financial interest in funds raised, both through members of Cornerstone, as well as from other investor parties.

16. Investor understands that in certain situations, investments may be designated to be made through an investment fund vehicle, which may have separate fees associated with such an investment, some of which may be shared with Cornerstone Angels, associated entities, or principals.

17. Investor acknowledges and agrees that, in order to offset its costs, Cornerstone Angels intends to collect reasonable fees for the services that it renders in connection with organizing and facilitating the meetings at which Issuers will make presentations, mentoring presenters, collecting feedback and initial due diligence information, and other associated activities. These fees may take the form of cash and/or warrants. Cornerstone Angels reserves the right to change or amend its fee structure at any time, as it deems necessary.

18. Investor acknowledges and agrees that there is a genuine interest in investing in the early stage companies, and that such

Investor pledges to be willing to commit at least \$25,000 in investments within each calendar year.

19. Investor certifies that the answers given in this Questionnaire are complete and accurate and are furnished with knowledge that they will be relied on by Cornerstone Angels for purposes of satisfying the requirements of applicable law. Investor agrees to indemnify and hold harmless Cornerstone Angels, including its affiliates, officers, employees, agents, other members, and sponsors, from and against any and all loss, charge, claim, damage, expenses and liability relating to any untrue statement or alleged untrue statement by Investor in this Questionnaire.

Investor should consult Investor's own attorneys, accountants, investment advisers and other professional advisers when considering an investment.

E. SIGNATURE

To the best of my knowledge and belief, the above information supplied by me is true and complete in all respects and I agree to the Terms of Participation above. I also agree that I will notify Cornerstone Angels immediately of any material change in any of the foregoing information prior to consummation of my purchase of securities from any Issuer. I understand that the information being furnished in this document is required primarily to enable Cornerstone Angels to determine whether Investor is qualified to be a member of Cornerstone Angels.

Signature: _____

Name: _____

Date: _____

Involvement with Cornerstone Angels

As described, Cornerstone Angels seeks to provide financial capital and mentorship to early-stage companies in the greater Midwest. Our group is a private investment organization composed of highly successful executives, entrepreneurs, and investors. The strength of our efforts comes from the experience, knowledge, and diversity of our members, but most importantly through active involvement and participation, in addition to any direct investments.

We have set up committees that are focused on efforts related to our investment activities, as well as ones dealing with mentorship and charitable giving, given our strong mission in giving back to the community.

Please indicate your interest in being involved in at least one of the committees: *(Check all that apply)*

- Investment Committee
- Mentorship Committee
- Membership Committee
- Charitable Committee

What charitable activities are you currently actively involved in?

Please give your personal recommendation for another accredited investor(s) to be considered for participation and membership in Cornerstone Angels:

First

Name: _____

Telephone: _____

E-mail: _____

Second

Name: _____

Telephone: _____

E-mail: _____

Please send the entire copy of this application along with the membership fee. Please circle the letter/number in front of the appropriate membership (as outlined on the following page), and whether you will be making an upfront payment or having recurring monthly payments.

Payment may be made by Check, PayPal, or Credit Card. PayPal payments may be sent to michael@k4venturesllc.com. For Credit Card payments, the Credit Card Authorization form must be completed.

Make checks payable to Cornerstone Angels and mail to the following address:

Michael Gruber
Cornerstone Angels
2100 Sanders Road, Suite 170
Northbrook, IL 60062

Phone: 847-739-0100 x1

Fax: 224-723-5071

Membership Dues for 2013

The dues are for a 12 month period, with all fees for membership term paid upon acceptance.

Select Type of Membership (initial appropriate number):

___ 1. **General Membership**

First Year: ___ \$2,500 (incl \$1,000 initiation fee)

Annual Renewal: ___ \$1,500

Spouses may attend meetings free of charges, and we encourage their involvement.

___ 2. **Investment Entity** – (First Year: \$4,000 – incl \$1,000 initiation fee, Annual Renewal \$3,000). The Investment Entity Membership is for family offices, and other investment partnerships where investment assets exceed \$5 million, and for where there will be multiple people (up to 3) from the investment organization that will attend and participate in events throughout the year. For the 4th and each additional person, \$1,000 per year.

___ 3. **Cornerstone Angels' Partners & Sponsors** (\$ based on program). The Partner & Sponsor programs can be customized for each company. Multiple senior representatives from the Partner or Sponsor entity can participate in Cornerstone Angels activities. Signage, sponsor/partner recognition, ability to provide special events to members, and other benefits are available to sponsors/partners.

Multi-Year Membership (Discounts based on upfront payment)

___ **2 Years** (20% discount on non-initiation fees)

Credit Card Authorization Form for Membership

Cornerstone Angels

Name of Member Applicant:

Name as it appears on card:

Card Billing Address:

Credit Card Type (MasterCard, Visa, American Express):

Expiration Date: _____

3/4 Digit Code on Back of Card: _____

E-Mail Address: _____

Contact Phone Number: _____

Signature

The signing of the Credit Card form above authorizes Cornerstone Angels to charge the referenced card for membership dues as specified. These charges may appear as K4 Ventures LLC or as Cornerstone Angels.

All memberships are for a minimum annual 12 month term, and should a membership be terminated early, there will be no refunds.

Should membership be terminated or not renewed within a month of expiration, renewal or revival of membership and its privileges will be at the General Membership rate at that time for a new member, including the initiation fee.

Scan & E-Mail Confidentially Direct to Michael Gruber:

michael@cornerstoneangels.com

Or

Mail to: Michael Gruber
Cornerstone Angels
2100 Sanders Road, Suite 170
Northbrook, IL 60062