

Rochester Angel Network, Inc. (RAN) ***2008 Membership Agreement***

Rochester Angel Network, Inc. (RAN) facilitates the introduction of entrepreneurs to potential investors through presentations and other mechanisms. RAN is an association of individual angel investors, interested in financing privately-held companies or ventures, typically in an early stage of development. RAN is a New York not-for-profit corporation, exempt under Internal Revenue Code Section 501(c)(6).

Membership in RAN is a privilege and may be denied, limited or terminated in accordance with the terms of this Membership Agreement, as may be amended from time to time by the Directors of RAN, and the RAN By-laws.

New Membership Process:

- New Members must apply for membership by completing this Membership Agreement and the attached Membership Survey and submitting them to RAN at the address noted below.
- New Members must be sponsored by a current RAN Member in good standing.
- The Membership Committee must review all applications for membership and submit recommendations to the Board of Directors for approval, and will endeavor to provide applicants with a written response within sixty (60) days of a complete application submission.
- The decisions of the Board of Directors on new Members are final.

Membership Renewal Process, Revocation and Termination:

- Membership is for one year, running January 1st to December 31st, and is subject to non-renewal or termination by RAN's Board of Directors in its sole discretion, with or without cause, on written notice to the Member. The decision of the Board of Directors is final.
- Renewing Members must annually complete a new Membership Agreement and Membership Survey and submit them to RAN at the address noted below, preferable before January 1st of each year for the succeeding year, along with their required Membership Dues. Failure to do so will result in termination of membership for the subsequent year.

Membership Rights:

- Member shall have the right to participate in the following:
 - Monthly investor meetings with presentations from generally one to two pre-screened companies or individual entrepreneurs (collectively, "companies") for Members' investment consideration. Afterward, there will be time for discussion of Members' observations and analysis.
 - Educational programs in term sheets, balanced investment portfolios, case studies, due diligence and other topics in angel investing.

- Opportunity to interact with other angel investors and meet individuals experienced in working with young companies.
- Access to “Members Only” section of the Web site, which includes:
 - Access to all deal flow through RAN’s online database.
 - Copies of all presentations and materials provided at meetings.
 - Member Discussion Areas - online forums to discuss confidentially or comment on business plans, companies and general angel investing topics with other Members.
 - Best-practice sharing of investment tips and documents.
- Membership is non-assignable and non-transferable; any attempt to transfer or assign shall be void.

Member’s Warranties, Representations and Covenants: Member warrants to, represents to, and covenants with RAN and each of its individual Members, on the date of execution of this Agreement and during the term hereof as follows:

- I agree to abide by the terms of this Membership Agreement. My responses to the Membership Survey were true and correct to the best of my knowledge at the time they were made.
- I agree to pay annual membership dues, fees and/or charges as set by RAN. I shall not be entitled to reclaim or receive a credit for any portion of dues, fees or charges paid, even in the case of my resignation, non-renewal or termination.
 - For 2008, dues are set at: \$500 for renewing members; \$250 for new members. [New members are those who have not previously been a member of RAN. New member dues will be prorated throughout the year as follows: For applications submitted between January 1 – June 30, \$250. For applications submitted July 1 – September 30, \$175. For applications submitted October 1 – December 31, \$100.]
- I shall conduct myself with respect to RAN and at all RAN sponsored activities in a professional manner at all times.
- I shall be an active participant in RAN which includes attendance at meetings, participation in annual training events, and by offering to serve on committees. RAN shall have no obligation for the payment of any costs or expenses of my service on any RAN committee, including, without limitation, my travel and lodging.
- I shall respect the privacy of other Members and not provide their name(s) or any other personal information to any third party without their permission.
- I understand and recognize that RAN meetings and communications are focused on investment pursuits and I shall not solicit another Member for business.
- I shall disclose to RAN any relationship I or my Affiliates have or may have with a presenting company, including without limitation any personal gain I or my Affiliates may receive from the presenting company. “Affiliates” for these purposes includes: Any member of my immediate family (defined as my spouse or life partner, parents, children, brothers or sisters, and spouses of these individuals); and any organization

in which I or an immediate family member is a director, trustee, officer, member, partner, or own more than ten percent (10%) of the total (combined) voting power.

- I am an accredited investor as defined under Rule 501 of the SEC regulations, which defines an individual accredited investor as: "Any natural person whose individual net worth or joint net worth with that person's spouse at the time of his purchase exceeds \$1,000,000"; OR "Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year."
- I possess such knowledge and experience in financial and business matters to be capable of evaluating the relative merits and risks of any investment.
- I understand that:
 - RAN is not registered with the Securities Exchange Commission or any state securities commission;
 - RAN does not provide advice, recommendation, or any other indication of appropriateness or inappropriateness for a particular investment;
 - RAN does not endorse any investment opportunity and makes no independent investigation to verify information provided by companies submitting to RAN for presentation or otherwise, and makes no representation or warranty regarding the same;
 - RAN is not a venture fund, an investment bank, a broker dealer, investment clearinghouse, or an investment advisor, but rather a forum in which investors may be educated on aspects of investment and business, as well as introduced to companies for possible investment; and
 - No guidance shall be given, nor shall any person affiliated with RAN (or RAN itself) be responsible for an individual member's use of information or investment decision, or the results of any investment made by an individual member.
- I must and shall conduct my own analysis and due diligence to determine the appropriateness of any investment I make in any company to which I am introduced through RAN. As a result, I recognize and agree that neither RAN nor its representatives or agents are responsible or liable for any investment decision I make as a result of being a Member of RAN. The choice to use and the manner of use of information and knowledge gained through RAN is my individual and personal choice for which I am solely responsible.
- I understand that any purchase of equity or other investment transaction shall be with the respective company, without the involvement of or participation by RAN.
- I understand that RAN Meetings are not an offer to sell or a solicitation to buy any security or other right by RAN or any other entity.
- I understand that early stage investments are very high risk, and that an entire loss of my investment is possible. Furthermore, I understand that follow-on investments

in each deal are likely, and I should be prepared to invest as much as three (3) times my initial investment in any given company in follow-on funding rounds.

- I understand that I am under no requirement to bring investment opportunities of which I have knowledge to RAN, however I agree to disclose to RAN my relationship with any company as soon as I learn about that company's involvement with RAN (for example, when it is announced that the company will be making a presentation to RAN).
- I agree to disclose to RAN all investments I make or have made in companies presenting at RAN meetings, whether for purposes of identifying conflicts of interest, tracking group activity, or reporting anonymous investment activity to the Angel Capital Association. All individual details will be kept strictly confidential.

General Provisions:

- If any provision of this Membership Agreement shall be held to be unenforceable by any court of competent jurisdiction, such provision shall be deemed independent and severable and the remainder of the Membership Agreement shall be valid and enforceable in accordance with the terms thereof.
- The laws and decisions of the State of New York, without regard to its conflicts laws, shall govern this Membership Agreement and shall control the construction, enforcement, validity and interpretation hereof. Venue for any actions or proceedings arising under or out of this Membership Agreement shall be in the federal or state courts located in Monroe County, New York. I hereby consent and submit to such exclusive personal jurisdiction and waives any right which I may have to transfer or change the venue of any litigation.
- This Membership Agreement, along with the Membership Survey, shall constitute the entire agreement between the parties. No change, amendment, modification, cancellation or discharge of the Membership Agreement or any part hereof shall be valid unless made in writing and signed by the parties hereto.

Rochester Angel Network, Inc. (RAN)
2008 Membership Agreement

Name: _____

Address:	Telephone:	Preferred Method of Contact
Street 1: _____	Office: _____	<input type="checkbox"/>
Street 2: _____	Home: _____	<input type="checkbox"/>
City: _____	Cell: _____	<input type="checkbox"/>
State: _____	Fax: _____	<input type="checkbox"/>
Zip: _____	Email: _____	<input type="checkbox"/>

I am a: New Member [If New, list RAN Member sponsor: _____]
 Renewing Member

I agree to have my name listed on the RochesterAngels.com website as a member of RAN:
 Yes **No** – I wish to remain anonymous

I have read and agree to abide by the terms of this Membership Agreement:

Signature _____ Date _____

2008 Dues: Renewing Member: \$500
New Member: Application submitted January 1 – June 30: \$250
Application submitted July 1 – September 30: \$175
Application submitted October 1 – December 31: \$100

Please forward this signed page, completed Membership Survey, and dues payment to:

James S. Senall
Rochester Angel Network / GRE
100 Chestnut Street
One HSBC Plaza – Suite 1910
Rochester, NY 14604
Fax: 585-546-8477

Rochester Angel Network, Inc. (RAN) ***Protocols for Members***

Rochester Angel Network, Inc. (RAN) facilitates the introduction of entrepreneurs to potential investors through presentations and other mechanisms. RAN is not a vehicle for making investments. Individual members of RAN act outside the network with respect to their investment activities.

At the same time, the members of RAN have agreed upon certain protocols to inform their dealings with each other on opportunities which arise out of RAN company presentations. These protocols are strictly voluntary, with no enforcement powers in RAN or its members. You are reminded, however, that membership in RAN is a privilege and may be denied, limited or terminated in accordance with the terms of the Membership Agreement, as may be amended from time to time by the Board of Directors of RAN, and the RAN By-laws.

- At the conclusion of a company presentation, RAN members will be asked whether they are interested in participating in a follow up "Deal Meeting", and will elect a "Deal Captain". This meeting will involve those Members expressing an interest ("Potential Investors") and possibly company representatives, with the purpose of having further dialog about the deal and gauging investment interest levels. This Deal Meeting will take place generally within ten (10) business days after the company presentation to RAN.
- At the Deal Meeting, the Potential Investors will each give an indication of the amount of investment they would consider making in the company. Generally, this interest will be memorialized in a written document. Failure by RAN members to express interest at the conclusion of a Deal Meeting may result in their exclusion from the opportunity to participate further with the Potential Investors (unless the deal is under-subscribed and the Deal Captain decides to bring it back to a RAN meeting).
- The principal duty of a Deal Captain is to the other Potential Investors, not the company. While a Deal Captain may hold a position with the company (whether as employee or consultant), he or she shall make full disclosure of any relationship with the company, including any financial arrangements, with himself or herself and also any affiliates, defined for these purposes to include: any member of the Deal Captain's immediate family (spouse or life partner, parents, children, brothers or sisters, and spouses of these individuals); and any organization in which the Deal Captain or an immediate family member is a director, trustee, officer, member, partner, or own more than ten percent (10%) of the total (combined) voting power.
- The Deal Captain shall be responsible for negotiating a term sheet with the company, and presenting it to the Potential Investors for their consideration. At this time, Potential Investors may decide to opt out of the opportunity to invest. The legal and other costs incurred in creating a term sheet with the company will be borne by the Potential Investors as decided in consultation with the Deal Captain. RAN and its other members shall have no liability or responsibility for the negotiation of the term sheet or the costs incurred.
- Percentage interests in over-subscribed deals will be proportionate to the interests expressed by the Potential Investors at the close of the Deal Meeting. An under-subscribed deal may, at the discretion of the Deal Captain, be brought back before the other RAN members or others for their consideration.

- You are expected to be an active investor in deals presented through RAN; deals typically result in an investment of at least \$25,000 per investor. Furthermore, follow-on investments in each deal are likely and you should be prepared to invest as much as two (2) to three (3) times your initial investment in any given company in follow-on funding rounds.

- You are under no requirement to bring investment opportunities of which you have knowledge to RAN, however, you agree to disclose to RAN your relationship with any company as soon as you learn about that company's involvement with RAN (for example, when it is announced that the company will be making a presentation to RAN). At that point, you may either: 1) suspend your individual discussions with the company in lieu of discussions according to this protocol, and agree to serve as Deal Captain, 2) suspend your individual discussions with the company, and choose to participate (or not) in the deal at whatever terms are negotiated, 3) continue individual discussions with the company, and not participate in the process with that company under this protocol.

Rochester Angel Network, Inc. (RAN)

Membership Survey

The Rochester Angel Network (RAN) is keenly interested in providing Members with maximum benefit, which is aligned with Member interests. One of the few ways we have to better understand these interests is to conduct membership surveys and carefully review the results for trends, such as: 1) investment interests; 2) need for expertise among membership; and 3) membership skills which may be valuable to the group as well as portfolio companies. Individual data will be treated confidentially and will not be shared generally internally or externally; only select RAN personnel and/or committees will be privy to individual responses. The survey results may be used in aggregate to present RAN as an entity to venture capitalists, businesses, and the media for the purpose of securing high-quality deal flow, membership, and public relations.

COMPLETION OF THIS SURVEY IS A CONDITION OF MEMBERSHIP, NEW OR RENEWING

1. **What is your membership status?** New Renewing

2. **Have you ever been an angel investor?** No Yes
 - a. If yes, how long? _____ year(s)
 - b. If yes, how many companies have you invested in as an angel investor? _____ (number)
 - c. If yes, what is the cumulative estimated amount you have invested as an angel investor? _____ (dollars)
 - d. Please list any other angel investment groups you are affiliated with: _____

3. **In what industry(s) do you have professional experience?** (check all that apply)

<input type="checkbox"/> Health Care	<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Media	<input type="checkbox"/> Manufacturing	<input type="checkbox"/> Environment
<input type="checkbox"/> Biotech	<input type="checkbox"/> Business / Financial	<input type="checkbox"/> Energy	<input type="checkbox"/> E-Commerce	<input type="checkbox"/> Industrial
<input type="checkbox"/> Software	<input type="checkbox"/> Consumer Products	<input type="checkbox"/> Agriculture	<input type="checkbox"/> Hardware	<input type="checkbox"/> Semiconductor
<input type="checkbox"/> Retail	<input type="checkbox"/> Construction / Real Estate Development	<input type="checkbox"/> Other: _____		

4. **What business skills / expertise do you have?** (check all that apply)

<input type="checkbox"/> Senior Mgmt.	<input type="checkbox"/> Board Member	<input type="checkbox"/> Operations	<input type="checkbox"/> Marketing	<input type="checkbox"/> Sales
<input type="checkbox"/> R&D	<input type="checkbox"/> Financial Services	<input type="checkbox"/> Strategic Planning	<input type="checkbox"/> Business Plan Devlpmt	<input type="checkbox"/> Employee Benefits
<input type="checkbox"/> Insurance	<input type="checkbox"/> Legal	<input type="checkbox"/> Public Relations	<input type="checkbox"/> Infrastructure	<input type="checkbox"/> Accounting
Other: _____				

5. **Have you ever been a company founder or officer?** (check all that apply)

<input type="checkbox"/> Founder	<input type="checkbox"/> CEO	<input type="checkbox"/> President	<input type="checkbox"/> VP – R&D	<input type="checkbox"/> CFO
<input type="checkbox"/> CIO	<input type="checkbox"/> COO	<input type="checkbox"/> VP – Sales / Marketing		
Other: _____				

6. **As an angel investor, what is the typical stage a company is in at the time of your first investment?** (give a percent for each, totaling 100%)

Startup / seed: _____%	Early Stage: _____%	Expansion: _____%
Later Stage: _____%	Mezzanine to IPO: _____%	Public: _____%

7. **As an angel investor, what is the typical relationship you have with portfolio companies?** (check all that apply)

<input type="checkbox"/> Board Member	<input type="checkbox"/> Advisor / Mentor	<input type="checkbox"/> Officer	<input type="checkbox"/> Employee	<input type="checkbox"/> Consultant
<input type="checkbox"/> Passive	<input type="checkbox"/> Other: _____			

8. **As an angel investor, what has been your typical investment range?** (give percent for each, totaling 100%)

Under \$5,000 _____%	\$5,000 to \$10,000 _____%	\$10,000 to \$25,000 _____%	\$25,000 to \$50,000 _____%
\$50,000 to \$100,000 _____%	\$100,000 to \$500,000 _____%	\$500,000 to \$1 Million _____%	More than \$1 Million _____%

9. If a renewing RAN member, have you invested in any RAN presenting companies in the past year?

No Yes N/A

If Yes, which company(s)? _____

If No, why not? _____

10. What is your preferred form of investment? (rank with 1 highest)

Equity _____ Debt _____ Combination _____ Case by Case _____

11. What is your general expectation on length of time until return on investment?

Less than 1 year 1 to 3 years 3 to 5 years 5 to 7 years More than 7 years

12. In what industries have you invested? (check all that apply)

<input type="checkbox"/> Health care	<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Media	<input type="checkbox"/> Manufacturing	<input type="checkbox"/> Environment
<input type="checkbox"/> Biotechnology	<input type="checkbox"/> Business / Financial	<input type="checkbox"/> Energy	<input type="checkbox"/> E-Commerce	<input type="checkbox"/> Industrial
<input type="checkbox"/> Software	<input type="checkbox"/> Consumer Products	<input type="checkbox"/> Agriculture	<input type="checkbox"/> Hardware	<input type="checkbox"/> Semiconductor
<input type="checkbox"/> Retail	<input type="checkbox"/> Construction / Real Estate Development	<input type="checkbox"/> Other: _____		

13. What has been your historical angel investment rate of return?

Negative 0% to 10% 10% to 30% 30% to 50%
 50% to 100% 100% to 200% More than 200%

14. What do you enjoy about being part of RAN or any angel group? (rank all that apply, with 1 highest)

Deal flow _____ Education _____ Camaraderie/social _____ Joint due diligence _____
Meeting companies _____ Shared expertise _____ Administrative support _____ Professional support _____
Guest Speakers _____ Other _____

15. How would you rate your overall satisfaction with RAN? _____ 1 to 5 (5 highest)

16. How might we improve RAN and your membership experience?

17. Please attach your most current biographical information.

Thank you for completing this survey!

Name: _____

Date: _____