

Investor Qualification Definition

1. **Accredited Investor Information**

The following information is to be provided so that the Company can determine if the Subscriber is an "accredited investor" as defined in rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act").

1.1 **Individual Subscribers**

This Section sets forth the financial condition and experience of individual Subscribers (entity Subscribers should skip this Section and complete Section 3.2 instead).

Please initial alongside the box that one of the following is true with respect to the Subscriber for the reasons set forth below:

- The Subscriber is a director or executive officer¹ of the Company.
- The Subscriber is a natural whose individual net worth², or joint net worth with his spouse, at the time of his subscription exceeds \$1,000,000.
- The Subscriber is a natural person who had an individual income³ (not including income of his spouse) in excess of \$200,000 in each of the two most recent years or joint income with his spouse in excess of \$300,000 in each of those years and who reasonably expects to reach the same income level in the current year.

1.2 **Entity Subscribers**

The requested financial information should be furnished with respect to the entity investor, and not with respect to the owners of the beneficial interests therein as indicated.

Grantor Trust Subscribers: if the investor is a grantor trust, that is a trust amendable and revocable by the grantor at any time, please complete this section with respect to the trust and its assets alone, please also comply with section a with respect to the grantor including the assets held in the trust.

- The Subscriber is a bank as defined in Section 3(a)(2) of the Securities Act, whether acting in its own or fiduciary capacity.

¹ The term "executive officer" means the president, any vice president in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy making function, or any other person who performs similar policy making functions for the Company.

² The term "net worth" means total assets (including all residences) less total liabilities (including mortgages).

³ The term "income" for these purposes means gross income (reported on the Federal tax return) increased by adding back any deduction taken for long term capital gains under section 1202 of the Internal Revenue Code of 1986, as amended (the "Code"), and deduction for depletion under Sections 611 et seq. of the Code, any exclusion for interest under Section 103 of the Code, and any losses of a partnership allocated to the individual limited partner as reported on Schedule E of Form 1040.

- The Subscriber is a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the 1933 Act, whether acting in its own or fiduciary capacity.
 - The Subscriber is a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934.
 - The Subscriber is an insurance company as defined in Section 2(13) of the 1933 Act.
 - The Subscriber is an investment company registered under the Investment Company Act of 1940.
 - The Subscriber is a business development company⁴ as defined in Section 2(a)(48) of the Investment Company Act of 1940.
 - The Subscriber is a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.
 - The Subscriber is a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its investors, if such plan has total assets in excess of \$5,000,000.
 - The Subscriber is an investor benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 ("ERISA"), (a) if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or (b) if the investor benefit plan has total assets in excess of \$5,000,000, or (c) if it is a self directed plan, with investment decisions made solely by persons that are accredited investors.
 - The Subscriber is a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940⁵.
 - The Subscriber is an organization described in Section 501(c)(3) of the Internal Revenue Code, with total assets in excess of \$5,000,000 not formed for the specific purpose of acquiring the securities offered.
 - The Subscriber is a corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000.
 - The Subscriber is a trust with total assets in excess of \$5,000,000 not formed for the specific purpose of acquiring the securities offered, whose purchase is

⁴ The term "business development company" means a closed-end company, operated for the purpose of investing in securities described in Section 55(a)(1)-(3) of such Act that makes available "significant managerial assistance" with respect to the issuers of such securities and has elected to be regulated pursuant to Sections 55-65 of such Act as a business development company.

⁵ A company which is a business development company but which need not be closed-end and need not elect to be subject to regulation under Sections 55-65 of the investment Company Act of 1940.

directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the 1933 Act.

- The Subscriber is a corporation, partnership, unincorporated association or other similar entity, where each owner of an equity interest in the entity satisfies the suitability requirements of paragraphs 2 or 3 of Section 1.1 or any of the preceding paragraphs of this Section 1.2.

1.3 Institutional Investors:

- **A venture capitalist** is a person who invests in a business venture, providing capital for start-up or expansion. However, individual venture capitalists are a rarity; the majority of venture capital (VC) comes from professionally-managed public or private firms.
- A **Registered Investment Advisor** (RIA) is an advisor or firm engaged in the investment advisory business and registered either with the Securities and Exchange Commission (SEC) or state securities authorities.
- **Angel Investor Group** is a group of individual accredited investors and sophisticated investors that provides capital for a business start-up, usually in exchange for convertible debt or ownership equity.