

PROOF OF CLAIM AND RELEASE

IN RE AUDIOEYE, INC. SECURITIES LITIGATION

UNITED STATES DISTRICT COURT

DISTRICT OF ARIZONA

CASE NO. 4:15-CV-00163-DCB

CLASS ACTION

PROOF OF CLAIM AND RELEASE

I. GENERAL INSTRUCTIONS

1. To recover as a member of the Settlement Class based on your claims in the action entitled *In re AudioEye, Inc. Securities Litigation*, No. 4:15-cv-00163-DCB (the "Action"), you must complete and, on page 8 hereof, sign this Proof of Claim and Release (the "Claim Form"). If you fail to file a properly addressed Claim Form (as set forth in section 3 below), your Claim may be rejected and you may be precluded from any recovery from the Net Settlement Fund created in connection with the proposed Settlement of the Action.
2. Submission of this Claim Form, however, does not assure that you will share in the proceeds of the Settlement in the Action.
3. **YOU MUST MAIL YOUR COMPLETED AND SIGNED CLAIM FORM POSTMARKED ON OR BEFORE APRIL 24, 2017, ADDRESSED AS FOLLOWS:**

In re AudioEye, Inc. Securities Litigation
c/o JND Class Action Administration
P.O. Box 6847
Broomfield, CO 80021

If you are NOT a Member of the Settlement Class, as defined in the Notice of Settlement of Class Action and Settlement Fairness Hearing, and Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses (the "Notice"), DO NOT submit a Claim Form.

4. If you are a Member of the Settlement Class, you are bound by the terms of any judgment entered in the Action, WHETHER OR NOT YOU SUBMIT A CLAIM FORM.

II. DEFINITIONS

1. "Defendants" means AudioEye, Inc. ("AudioEye"), Nathaniel Bradley and Edward O'Donnell.
2. "Released Parties" and "Settled Claims" are defined below.

III. CLAIMANT IDENTIFICATION

1. If you purchased or acquired any common stock of AudioEye during the period from May 14, 2014 through and including April 1, 2015 (the "Class Period"), and held the securities in your name, you are the beneficial purchaser, as well as the record purchaser. If, however, the AudioEye securities were registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial purchaser and the third party is the record purchaser.
2. In Section IV below, use Part I of the form entitled "Claimant Identification" to identify each purchaser of record, if different from the beneficial purchaser of the AudioEye securities that forms the basis of this Claim. **THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL PURCHASER(S), OR THE LEGAL REPRESENTATIVE OF SUCH PURCHASER(S) OF AUDIOEYE SECURITIES UPON WHICH THIS CLAIM IS BASED, *NOT* THE RECORD PURCHASER.**
3. All joint purchasers must sign this Claim Form. Executors, administrators, guardians, conservators, and trustees must complete and sign this Claim Form on behalf of Persons represented by them and their authority must accompany this Claim Form and their titles or capacities must be stated. The Social Security (or taxpayer identification) number and telephone number of the beneficial owner may be used in verifying the Claim. Failure to provide the foregoing information could delay verification of your claim or result in rejection of the claim.

IV. CLAIM FORM

1. Use Part II of this Claim Form, entitled "Schedule of Transactions in AudioEye Common Stock," to supply all required details of your transaction(s) in AudioEye securities. If you need more space or additional schedules, attach separate sheets giving all of the required information in substantially the same form. Sign and print or type your name on each additional sheet.
2. On the schedules, provide all of the requested information with respect to **all** of your purchases and **all** of your sales of AudioEye common stock that took place during the Class Period, whether such transactions resulted in a profit or a loss. Failure to report all such transactions may result in the rejection of your Claim.
3. List each transaction in the Class Period separately and in chronological order, by trade date, beginning with the earliest. You must accurately provide the month, day, and year of each transaction you list.
4. The date of covering a "short sale" is deemed to be the date of purchase of AudioEye securities. The date of a "short sale" is deemed to be the date of sale of AudioEye securities.
5. Broker confirmations or other documentation of your transactions in AudioEye securities **must** be attached to your Claim. Do **not** send original documents, including security certificates. If you no longer have copies of your broker's confirmations or statements, your broker may be able to get you copies. Failure to provide this documentation could delay verification of your Claim or result in rejection of your Claim.
6. The above requests are designed to provide the minimum amount of information necessary to process the most simple claims. The Claims Administrator may request additional information as required to efficiently and reliably calculate your losses. In some cases where the Claims Administrator cannot perform the calculation accurately or at a reasonable cost to the Settlement Class with the information provided, the Claims Administrator may condition acceptance of the Claim upon the production of additional information and/or the hiring of an accounting expert at the Claimant's cost.

CLAIM FORM

Must Be Postmarked No Later Than April 24, 2017.
Please Type Or Print.

I. CLAIMANT IDENTIFICATION

Beneficial Owner's Name (First, Middle, Last)

Street Address

City

State

Zip Code

Foreign Province

Foreign Country

Social Security Number or
Taxpayer Identification Number

___ Individual

___ Corporation/Other

Telephone Number (work)

Telephone Number (home)

Record Owner's Name (if different from beneficial owner listed above)

II. SCHEDULE OF TRANSACTIONS IN AUDIOEYE COMMON STOCK

A. BEGINNING HOLDINGS: Number of shares of AudioEye common stock held at the beginning of trading on May 14, 2014. If none, write “zero” or “0”; if other than zero, must be documented:

B. COMMON STOCK PURCHASES OR ACQUISITIONS: Purchases or acquisitions of AudioEye common stock during the period May 14, 2014 through June 30, 2015, inclusive:¹

Trade Date (Mo./Day/Year) List Chronologically	Number of Shares Purchased or Acquired	Purchase or Acquisition Price Per Share	Net Purchase or Acquisition Price (less commissions and fees)	Identify if shares acquired pursuant to: (1) sale of put options; (2) corporate merger or acquisition; (3) employee shares; (4) cover of short position; or (5) exercise of call option during Class Period ²
/ /		\$	\$	
/ /		\$	\$	
/ /		\$	\$	
/ /		\$	\$	
/ /		\$	\$	

¹ Information requested with respect to your purchases of AudioEye securities from April 2, 2015 through and including June 30, 2015 is needed in order to balance your claim; purchases during this period, however, are not eligible for recovery under the Settlement and will not be used for purposes of calculating your Recognized Claim pursuant to the Plan of Allocation.

² If you indicate that the purchase or sale was the result of the exercise or assignment of an options contract, you must provide documentation to support both the options purchase or sale and the exercise or assignment to purchase common stock.

C. COMMON STOCK SALES: Sales from May 14, 2014 through June 30, 2015, inclusive:

Trade Date (Mo./Day/Year) List Chronologically	Number of Shares Sold	Sale Price Per Share	Net Sale Price (less commissions and fees)	Share Sold Short (Y/N)
/ /		\$	\$	<input type="checkbox"/> Y <input type="checkbox"/> N
/ /		\$	\$	<input type="checkbox"/> Y <input type="checkbox"/> N
/ /		\$	\$	<input type="checkbox"/> Y <input type="checkbox"/> N
/ /		\$	\$	<input type="checkbox"/> Y <input type="checkbox"/> N
/ /		\$	\$	<input type="checkbox"/> Y <input type="checkbox"/> N

D. ENDING HOLDINGS: Number of shares of AudioEye common stock held at close of trading on June 30, 2015. If none write “zero” or “0”; if other than zero, must be documented: _____

If you require additional space, attach extra schedules in the same format as above. Sign and print your name on each additional page.

YOU MUST READ AND SIGN THE RELEASE ON PAGES 6-8.

V. SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS

I (We) submit this Claim Form under the terms of the Stipulation described in the Notice. I (We) also submit to the jurisdiction of the United States District Court for the District of Arizona with respect to my Claim as a Settlement Class Member (as defined in the Notice) and for purposes of enforcing the release set forth herein. I (We) further acknowledge that I (we) am (are) bound by and subject to the terms of any judgment that may be entered in the Action. I (We) agree to furnish additional information to Lead Plaintiffs’ Counsel to support this Claim if required to do so. I (We) have not submitted any other Claim covering the same purchases or sales of AudioEye securities during the Class Period and know of no other Person having done so on my (our) behalf.

VI. RELEASE

1. I (We) hereby acknowledge full and complete satisfaction of, and do hereby fully, finally and forever settle, release, relinquish and discharge, all of the Settled Claims against each and all of the Defendants and each and all of the “Released Parties,” defined as the Defendants and any of their current, former, or future parents, subsidiaries, affiliates, partners, joint venturers, officers, directors, principals, shareholders, members, agents (acting in their capacity as agents), employees, attorneys, trustees, insurers (including Argonaut Insurance Company and its respective businesses, affiliates, subsidiaries, parents and affiliated corporations, divisions, predecessors, shareholders, partners, joint venturers, principals, insurers, reinsurers, successors and assigns, and their respective past, present and future employees, officers, directors, attorneys, accountants, auditors, agents and representatives), reinsurers, advisors, accountants, associates, and/or any other individual or entity in which any Defendant has or had a controlling interest or which is or was related to or affiliated with any Defendant, and the current, former, and future legal representatives, heirs, successors-in-interest, or assigns of any Defendant.

2. “Settled Claims” means any and all claims, debts, demands, liabilities, rights, and causes of action of every nature and description whatsoever (including, but not limited to, any claims for damages, interest,

attorneys' fees, expert or consulting fees, and any other costs, expenses, or liabilities whatsoever), whether based on federal, state, local, statutory or common law, or any other law, rule, or regulation, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, whether class or individual in nature, including both known claims and Unknown Claims (as defined below): (i) that have been asserted in the Litigation by the Lead Plaintiffs and/or Settlement Class Members or any of them against any of the Released Parties, including, without limitation, all statements made by any of the Defendants that Plaintiffs allege in the Litigation were false or misleading, or any of the alleged acts, omissions, representations, facts, events, matters, transactions, or occurrences asserted in, relating to in any way, or arising out of the Litigation, or otherwise alleged, asserted, or contended in the Litigation; or (ii) that relate to the purchase of AudioEye securities, including, without limitation, claims for fraud, negligent misrepresentation, or claims based upon or related in any way to the purchase, acquisition, or sale of AudioEye securities during the Class Period by the Lead Plaintiffs or any Settlement Class Member, on behalf of themselves, their heirs, executors, administrators, successors, and assigns against the Released Parties or any of them. Settled Claims also include any and all claims arising out of or relating to in any way the Settlement or resolution of the Litigation against the Released Parties (including Unknown Claims that arise out of, relate to, or are in connection with the Settlement or resolution of the Litigation against the Released Parties), except claims to enforce any of the terms of the Stipulation.

3. "Unknown Claims" (a) any Settled Claim that the Lead Plaintiffs or any Settlement Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Parties, which if known by him, her, or it, might have affected his, her, or its decision(s) with respect to the Settlement, including, but not limited to, the decision not to object to the Settlement, provided such claim arises out of or relates to the purchase or sale of AudioEye securities, and (b) any Defendants' Claims that any Defendant does not know or expect to exist in his, her, or its favor, which if known by him, her, or it might have affected his, her, or its decision(s) with respect to the Settlement. With respect to any and all Settled Claims and Settled Defendants' Claims, the Settling Parties stipulate and agree that upon the Effective Date, the Settling Parties shall expressly waive, and each of the Settlement Class Members shall be deemed to have waived and by operation of the Order and Final Judgment shall have waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law that is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides: "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor".

4. This release shall be of no force or effect unless and until the District Court approves the Stipulation and it becomes effective on the Effective Date.

5. I (We) hereby warrant and represent that I (we) have not assigned or transferred or purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this release or any other part or portion thereof.

6. I (We) hereby warrant and represent that I (we) have included information about all of my (our) transactions in AudioEye securities that occurred during the Class Period, as well as the number and type of AudioEye securities held by me (us) at the opening of trading on May 14, 2014 and at the close of trading on April 1, 2015.

7. I (we) certify that I am (we are) NOT subject to backup withholding under the provisions of Section 3406 (a)(1)(C) of the Internal Revenue Code because: (a) I am (we are) exempt from backup withholding; or (b) I (we) have not been notified by the Internal Revenue Service that I am (we are) subject to backup withholding as a result of a failure to report all interest or dividends; or (c) the Internal Revenue Service has notified me (us) that I am (we are) no longer subject to backup withholding. NOTE: If you have been notified by the Internal Revenue Service that you are subject to backup withholding, you must cross out the preceding sentence above.

I declare under penalty of perjury under the laws of the United States of America that the foregoing information supplied by the undersigned is true and correct.

Executed this _____ day of _____,
(Month/Year)

in _____, _____.
(City) (State/Country)

(Sign your name here)

(Type or print your name here)

(Capacity of person(s) signing, e.g.,
Beneficial Purchaser, Executor, or Administrator)

ACCURATE CLAIMS PROCESSING TAKES A SIGNIFICANT AMOUNT OF TIME.

THANK YOU FOR YOUR PATIENCE.

REMINDER CHECKLIST



Please sign the above release and declaration on page 8.

Remember to attach supporting documentation, if available.



Do not send original AudioEye securities certificates or originals of any supporting documents

Keep copies of the completed Claim Form and documentation for your own records.



If you desire an acknowledgment of receipt of your Claim Form, please send it Certified Mail, Return Receipt Requested.

If you move, please send your new address to the Claims Administrator at the address below:



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c/o JND Class Action Administration
P.O. Box 6847
Broomfield, CO 80021