

Pearce Design Customer Agreement

This CUSTOMER AGREEMENT ("Agreement") is an agreement between 360 NETWORK SERVICES, INC. d/b/a 499Websites.com ("Company") and you, together with any company or other business entity you are representing, if any, (collectively, "Customer" or "you") incorporated herein by this reference and applies to the purchase of all services ordered by Customer on the applicable Order (collectively, the "Services").

1. TERM AND TERMINATION

A. Term of Agreement. This Agreement shall be effective as of the date you make the first payment (the "Effective Date") and shall remain in force until seven (7) days after the last Coordination Step as set forth in the applicable Order, which shall take place not later than one hundred twenty days (120) after the Order ("Delivery Date"). If you are accepting on behalf of your employer or another entity, you represent and warrant that: (i) you have full legal authority to bind your employer or such entity to these terms and conditions; (ii) that you have read and understand this Agreement; and (iii) that you agree, on behalf of the party that you represent, to this Agreement. If you do not have the legal authority to bind, please do not make any payments.

B. Termination. This Agreement may be terminated by either party upon written notice to the other, if the other party breaches any material obligation provided hereunder and the breaching party fails to cure such breach within thirty (30) days of receipt of the notice. This Agreement may be terminated by Company (i) immediately if Customer fails to pay any fees hereunder; or (ii) if Customer fails to cooperate with Company or hinders Company's ability to perform the Services hereunder.

2. COMPANY'S AND CUSTOMER'S RESPONSIBILITIES

A. Scope of Work. Customer hereby retains the services of Company to design the Web Site for Customer in accordance with the applicable Order.

B. Changes. Changes to this Agreement, the Order or to any of the specifications of the Web Site shall become effective only when a written change request is executed by the Customer and Company. Company agrees to notify Customer promptly of any factor, occurrence, or event coming to its attention that may affect Company's ability to meet the requirements of this Agreement, or that is likely to occasion any material delay in the Services.

C. Customer's Responsibilities. Customer agrees to perform all tasks assigned to Customer as set forth in this Agreement, and to provide all assistance and cooperation to Company in order to complete timely and efficiently the Web Site. Company shall not be deemed in breach of this Agreement, the Services, or any milestone in the event Company's failure to meet its responsibilities and time schedules is caused by Customer's failure to meet (or delay in) its responsibilities and time schedules set forth herein this Agreement. In the event of any such failure or delay by Customer (i) all of Company's time frames, milestones, and/or deadlines shall be extended as necessary; and (ii) Customer shall continue to make timely payments to Company as set forth in this Agreement as if all time frames, schedules, or deadlines had been completed by Company. Customer shall be responsible for making, at its own expense, any changes or additions to Customer's current systems, software, and hardware that may be required to support operation of the Web Site. Unless otherwise contracted with Company, Customer shall be responsible for initially populating and then maintaining any databases on the Web Site as well as providing all content for the Web Site.

3. WEB SITE DESIGN

A. Design. The design of the Web Site shall be in substantial conformity with the material provided to Company by Customer. Web Site consultation will be provided according to the number of coordination steps outlined in the applicable Order. Web Site text will be supplied by the Customer unless copywriting services have been purchased. Development of web pages will take place on the Customer's established web hosting service with Company. All server technical issues are to be handled by Company unless otherwise noted amongst all parties. Minor updates and changes include any minor modifications and modifications to work out backend database issues and functionality. This does not include adding features beyond the scope of the applicable Order. Company shall not include, as determined in its sole discretion, any of the following in the Web Site or in Customer's directory on Company's Web Server: text, graphics, sound, or animations that might be viewed as obscene or any illegal activities; links to other websites that might be viewed as obscene or related in any way to any illegal activities;

impressionistic or cartoon-like graphics (unless provided by Customer); invisible text, metatags (i.e., text that is present only when a "Webcrawler" or other Web indexing tool accesses the Web Site), or any other type of hidden text, hidden information, hidden graphics, or other hidden materials; or destructive elements or destructive programming of any type.

B. Coordination Steps. Customer understands that submissions for Web Site development are limited to the number of coordination steps as provided in the applicable Order. Customer is encouraged to provide as much instruction and direction as possible with each submission.

C. Accessibility of Web Site During Construction. Throughout the construction of the prototype and the final Web Site, the Web Site shall be accessible to Customer through a specified link. Until Customer has approved the final Web Site, none of the Web Pages for Customer's Web Site will be accessible to end users.

D. Completion Date. Company and the Customer shall work together to complete the Web Site in a commercially reasonable manner. Customer must supply Company complete text, pictures, photos and graphics content all web pages contracted for within one (1) week of the date of the Agreement unless otherwise noted. If Customer has not submitted complete text and graphics content within one (1) week after the Agreement, an additional continuation fee of ten percent (10%) of the total Order price will also be assessed each month until the Web Site is published.

F. Copyright to Web Site. Customer acknowledges, understands and agrees that Company may use its own and/or may purchase third party licenses for products or services that are necessary for Company to design and develop the Web Site. Such products may include, but are not limited to server-side applications, clip art, "back-end" applications, music, stock images, or any other copyrighted work ("Outside Content") which Company deems necessary to purchase on behalf of Customer to design and develop the Web Site. Customer further acknowledges and understands that any Outside Content used to design and develop the Web Site is owned by Company and/or such third parties and cannot be transferred to Customer and is hereby specifically not transferred to Customer and shall remain the property of Company and/or such third parties.

Outside Content which is owned and/or purchased by Company may be used in the design and/or development of other web sites separate from Customer. Customer and Company agree that upon payment in full of the fees associated with the design and development of the Web Site, Customer shall own a worldwide right, title, and interest in and to the Web Site (including, its source code and documentation) (the "Custom Programming"). Customer and Company agree that Company shall retain a worldwide, royalty-free, non-exclusive, transferable, and perpetual right and license to the Custom Programming including, but not limited to, the right to modify, amend, create derivative works, rent, sell, assign, lease, sublicense, or otherwise alter or transfer the Custom Programming. Customer and Company also agree that the design and development of the Web Site may include source code, documentation, and/or application programs that were previously written or developed by Company and modified to meet Customer's specific requirements (the "Code Content"). Company shall own all worldwide right, title, and interest in and to the Code Content, but shall provide Customer (upon payment in full of the fees associated with the design and development of the Web Site) a worldwide, royalty-free, non-exclusive, transferable and perpetual right and license to use the Code Content. Company and its subcontractors retain the right to display graphics and other web design elements of the Web Site as examples of their work in their respective portfolios.

4. MAINTENANCE

This Agreement does not provide Web Site maintenance unless a Web Site maintenance plan is purchased. If the Customer or an agent other than Company attempts updating Customer's pages, time to repair web pages will be assessed at an hourly rate. Changes requested by the Customer beyond those limits will be billed at the hourly rates. This rate shall also govern additional work authorized beyond the maximums specified in the applicable Order for such services as webpage design, editing, modifying product pages and databases in an online store, and art, photo, graphics, or any other services.

5. FEES

A. Development Fee. The total price for all of the work set forth in the Agreement (excluding postapproval modifications not implemented by Customer) shall be set forth in the applicable Order (the "Development Fee"). This price covers all work for the applicable Order (excluding postapproval modifications not implemented by Customer). Unless otherwise stated in the applicable Order, the Development Fee to Company is due and payable upon placing the Order and Company shall have no obligation to perform any work until payment is received and such funds are cleared from the relevant financial institution. Company's services are "AS-IS, WHERE-IS,

WITH ALL FAULTS" and refunds may not be provided for Company's services hereunder.

B. Project abandonment. If after repeated attempts to begin, continue, or finalize the delivery of services, Customer fails to participate, or becomes otherwise unresponsive to Company requests for a period of three (3) months, the project may be considered abandoned, and Company may reduce any refund the Customer may otherwise be entitled to hereunder to zero, and Customer will have forfeited all rights to receive any refund for services purchased online or as described in the original Order Form.

6. INDEMNIFICATION

A. Company Indemnity. In performing services under this Agreement, Company agrees not to design, develop, or provide to Customer any items that infringe one or more patents, copyrights, trademarks or other intellectual property rights (including trade secrets), privacy, or other rights of any person or entity. If Company becomes aware of any such possible infringement in the course of performing any work hereunder, Company shall immediately so notify Customer in writing. Company agrees to indemnify, defend, and hold Customer, its officers, directors, members, employees, representatives, agents, and the like harmless for any such alleged or actual infringement and for any liability, debt, or other obligation arising out of or as a result of or relating to (a) the Agreement, (b) the performance of the Agreement, or (c) the Deliverables, other than Customer's responsibilities and Customer Content. This indemnification shall include attorney's fees and expenses, unless Company defends against the allegations using counsel reasonably acceptable to Customer. Company's total liability under this Agreement shall not exceed the amount of the Development Fee derived by Company under this Agreement.

B. Customer Indemnity. Customer shall indemnify and hold harmless Company (and its subsidiaries, affiliates, officers, agents, co-branders or other partners, and employees) from any and all claims, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' fees and all related costs and expenses) incurred by Company as a result of any claim, judgment, or adjudication against Company related to or arising from (a) any photographs, illustrations, graphics, audio clips, video clips, text, data or any other information, content, display, or material (whether written, graphic, sound, or otherwise) provided by Customer to Company (the "Customer Content"), or (b) a claim that Company's use of the Customer Content infringes the intellectual property rights of a third party. To qualify for such defense and payment, Company must: (i) give Customer prompt written notice of a claim; and (ii) allow Customer to control, and fully cooperate with Customer in, the defense and all related negotiations.

7. REPRESENTATIONS AND WARRANTIES

A. Company makes the following representations and warranties for the benefit of Customer:

1. No Conflict. Company represents and warrants that it is under no obligation or restriction that would in any way interfere or conflict with the work to be performed by Company under this Agreement and the Order. Customer understands that Company is currently working on one or more similar projects for other clients. Provided that those projects do not interfere or conflict with Company's obligations under this Agreement, those projects shall not constitute a violation of this provision of the Agreement.

2. Conformity, Performance, and Compliance. Company represents and warrants that (1) all Deliverables shall be prepared in a workmanlike manner and with professional diligence and skill; (2) all Deliverables will function under standard HTML conventions; (3) all Deliverables will conform to the specifications and functions set forth in this Agreement; and (4) Company will perform all work called for by this Agreement in compliance with applicable laws. Company will repair any Deliverable that does not meet this warranty within a reasonable period of time if the defect affects the usability of Customer's Web Site, and otherwise will repair the defect within 48 hours, said repairs to be free of charge to Customer. This warranty shall extend for the life of this Agreement. This warranty does not cover links that change over time, pages that become obsolete over time, content that becomes outdated over time, or other changes that do not result from any error on the part of Company.

3. Disclaimer of All Other Warranties. COMPANY DOES NOT WARRANT THAT THE FUNCTIONS CONTAINED IN ITS WEB PAGES OR THE WEB SITE WILL MEET THE CUSTOMER'S REQUIREMENTS OR THAT THE OPERATION OF THE WEB PAGES WILL BE UNINTERRUPTED OR ERROR-FREE. THE ENTIRE RISK AS TO THE QUALITY AND PERFORMANCE OF THE WEB PAGES AND WEB SITE IS WITH CUSTOMER. EXCEPT AS OTHERWISE SPECIFIED IN THIS AGREEMENT, DEVELOPER PROVIDES ITS SERVICES "AS IS" AND WITHOUT WARRANTY OF ANY KIND. THE PARTIES AGREE THAT (A) THE LIMITED WARRANTIES SET FORTH IN THIS SECTION ARE THE SOLE AND EXCLUSIVE

WARRANTIES PROVIDED BY EACH PARTY, AND (B) EACH PARTY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, RELATING TO THIS AGREEMENT, PERFORMANCE OR INABILITY TO PERFORM UNDER THIS AGREEMENT, THE CONTENT, AND EACH PARTY'S COMPUTING AND DISTRIBUTION SYSTEM. IF ANY PROVISION OF THIS AGREEMENT SHALL BE UNLAWFUL, VOID, OR FOR ANY REASON UNENFORCEABLE, THEN THAT PROVISION SHALL BE DEEMED SEVERABLE FROM THIS AGREEMENT AND SHALL NOT AFFECT THE VALIDITY AND ENFORCEABILITY OF ANY REMAINING PROVISIONS.

4. Limitation of Liability. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY INDIRECT, SPECIAL, EXEMPLARY OR CONSEQUENTIAL DAMAGES, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR IMPLIED WARRANTIES ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE, LOST PROFITS, WHETHER OR NOT FORESEEABLE OR ALLEGED TO BE BASED ON BREACH OF WARRANTY, CONTRACT, NEGLIGENCE OR STRICT LIABILITY, ARISING UNDER THIS AGREEMENT, LOSS OF DATA, OR ANY PERFORMANCE UNDER THIS AGREEMENT, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND NOTWITHSTANDING THE FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY PROVIDED HEREIN. THE MAXIMUM REMEDY AVAILABLE TO EITHER PARTY IS ANY AMOUNT PAID BY CUSTOMER HEREUNDER. COMPANY MAKES NO WARRANTY OF ANY KIND, WHETHER EXPRESS OR IMPLIED, WITH REGARD TO ANY THIRD PARTY PRODUCTS, THIRD PARTY CONTENT OR ANY SOFTWARE, EQUIPMENT, OR HARDWARE OBTAINED FROM THIRD PARTIES.

B. Customer makes the following representations and warranties for the benefit of Company:

1. Customer represents to Company and unconditionally guarantees that any elements of text, graphics, photos, designs, trademarks, or other artwork furnished to Company for inclusion in the Web Site are owned by Customer, or that Customer has permission from the rightful owner to use each of these elements, and will hold harmless, protect, and defend Company and its subcontractors from any claim or suit arising from the use of such elements furnished by Customer.

2. From time to time governments enact laws and levy taxes and tariffs affecting Internet electronic commerce. Customer agrees that the client is solely responsible for complying with such laws, taxes, and tariffs, and will hold harmless, protect, and defend Company and its subcontractors from any claim, suit, penalty, tax, or tariff arising from Customer's exercise of Internet electronic commerce.

C. Confidentiality. The parties agree to hold each other's Proprietary or Confidential Information in strict confidence. "Proprietary or Confidential Information" shall include, but is not limited to, written or oral contracts, trade secrets, know-how, business methods, business policies, memoranda, reports, records, computer retained information, notes, or financial information. Proprietary or Confidential Information shall not include any information which: (i) is or becomes generally known to the public by any means other than a breach of the obligations of the receiving party; (ii) was previously known to the receiving party or rightly received by the receiving party from a third party; (iii) is independently developed by the receiving party; or (iv) is subject to disclosure under court order or other lawful process. The parties agree not to make each other's Proprietary or Confidential Information available in any form to any third party or to use each other's Proprietary or Confidential Information for any purpose other than as specified in this Agreement. Each party's proprietary or confidential information shall remain the sole and exclusive property of that party. The parties agree that in the event of use or disclosure by the other party other than as specifically provided for in this Agreement, the non-disclosing party may be entitled to equitable relief. Notwithstanding termination or expiration of this Agreement, Company and Customer acknowledge and agree that their obligations of confidentiality with respect to Proprietary or Confidential Information shall continue in effect for a total period of three (3) years from the Effective Date.

8. FORCE MAJEURE

Neither party will be liable for, or will be considered to be in breach of or default under this Agreement on account of, any delay or failure to perform as required by this Agreement as a result of any causes or conditions that are beyond such Party's reasonable control and that such Party is unable to overcome through the exercise of commercially reasonable diligence. If any force majeure event occurs, the affected Party will give prompt written notice to the other Party

and will use commercially reasonable efforts to minimize the impact of the event.

9. RELATIONSHIP OF PARTIES

A. Independent Contractor. Company, in rendering performance under this Agreement, shall be deemed an independent contractor and nothing contained herein shall constitute this arrangement to be employment, a joint venture, or a partnership. Company shall be solely responsible for and shall hold Customer harmless for any and all claims for taxes, fees, or costs, including but not limited to withholding, income tax, FICA, and workers' compensation.

B. No Agency. Customer does not undertake by this Agreement or otherwise to perform any obligation of Company, whether by regulation or contract. In no way is Company to be construed as the agent or to be acting as the agent of Customer in any respect, any other provisions of this Agreement notwithstanding.

10. NOTICE AND PAYMENT

A. Any notice required to be given under this Agreement shall be in writing and delivered personally to the other designated party at the addresses listed in the Order mailed by certified, registered or express mail, return receipt requested or by Federal Express.

B. Either party may change its address to which notice or payment is to be sent by written notice to the other under any provision of this paragraph.

11. JURISDICTION/DISPUTES

This Agreement shall be governed in accordance with the laws of the State of New York. All disputes under this Agreement shall be resolved by litigation in the courts of Erie County in the State of New York including the federal courts therein and the Parties all consent to the jurisdiction of such courts, agree to accept service of process by mail, and hereby waive any jurisdictional or venue defenses otherwise available to it.

12. AGREEMENT BINDING ON SUCCESSORS

The provisions of the Agreement shall be binding upon and shall inure to the benefit of the Parties hereto, their heirs, administrators, successors and assigns.

13. ASSIGNABILITY

Customer may not assign this Agreement or the rights and obligations thereunder to any third party without the prior express written approval of Company. Company reserves the right to assign subcontractors as needed to this project to ensure on-time completion.

14. WAIVER

No waiver by either party of any default shall be deemed as a waiver of prior or subsequent default of the same of other provisions of this Agreement.

15. SEVERABILITY

If any term, clause or provision hereof is held invalid or unenforceable by a court of competent jurisdiction, such invalidity shall not affect the validity or operation of any other term, clause or provision and such invalid term, clause or provision shall be deemed to be severed from the Agreement.

16. INTEGRATION

This Agreement constitutes the entire understanding of the Parties, and revokes and supersedes all prior agreements between the Parties and is intended as a final expression of their Agreement. It shall not be modified or amended except in writing signed by the Parties hereto and specifically referring to this Agreement. This Agreement shall take precedence over any other documents which may conflict with this Agreement.

17. NO INFERENCE AGAINST AUTHOR

No provision of this Agreement shall be interpreted against any Party because such Party or its legal representative drafted such provision.

18. DISPUTES

Customer and Company agree to make a good-faith effort to resolve any disagreement arising out of, or in connection with, this Agreement through negotiation. Should the parties fail to resolve any such disagreement within ten (10) days, any controversy or claim arising out of or relating to this Agreement, including, without limitation, the interpretation or breach thereof, shall be submitted by either party to arbitration in Erie County, New York and in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitration shall be conducted by one arbitrator, who shall be (a) selected in the sole discretion of the American Arbitration Association administrator and (b) a licensed attorney with at least ten (10) years experience in the practice of law and at least five (5) years experience in the negotiation of technology contracts or litigation of technology disputes. The arbitrator shall have the power to enter any award that could be entered by a judge of the state courts of New York sitting without a

jury, and only such power, except that the arbitrator shall not have the power to award punitive damages, treble damages, or any other damages which are not compensatory, even if permitted under the laws of the State of New York or any other applicable law. The arbitrator must issue his or her resolution of any dispute within thirty (30) days of the date the dispute is submitted for arbitration. The written decision of the arbitrator shall be final and binding and enforceable in any court having jurisdiction over the parties and the subject matter of the arbitration. Notwithstanding the foregoing, this Section shall not preclude either party from seeking temporary, provisional, or injunctive relief from any court.

19. READ AND UNDERSTOOD

Each Party acknowledges that it has read and understands this Agreement and agrees to be bound by its terms and conditions.

20. AGREEMENT ACKNOWLEDGEMENT

This 'Customer Agreement' supersedes any written, electronic, or oral communication you may have had with Company or any agent or representative thereof, and constitutes the complete and total agreement between the parties. In the event that any provision of this agreement is determined to be invalid or unenforceable, all other provisions shall remain in full force and effect and said provision shall be reformed only to the extent necessary to make it enforceable.