



**FuelSell Technologies Inc. HNET Software Application
Statement of Work- ("SOW"), Phase 2 Effort**

Provided to Joe Marougi at Elance Only

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CAPSULE DESCRIPTION OF JOB	5
OBJECTIVES	9
CONTRACTING PARTIES	10
USER REQUIREMENTS & PROJECT SPECIFICATIONS	11
TEAM LEADERS	11
DOCUMENTATION	11
TRAINING	12
TECHNICAL REQUIREMENTS	12
HARDWARE	12
SOFTWARE	13
TESTING	13
CO-MARKETING OBLIGATIONS	14
CONTRACT INFORMATION	14
CHANGE CONTROL POLICY	24
ESCROW AGREEMENT	24
INTELLECTUAL PROPERTY	24
DEVELOPMENT METHODOLOGY	25
PHASE II: DESIGN SPECIFICATION (DEVELOPMENT WILL START HERE)	25
PHASE III: DEVELOPMENT ALPHA	25
PHASE IV: DEVELOPMENT BETA	25
PHASE V: DEVELOPMENT FINAL	26
PHASE VI: DEVELOPMENT GOLDEN	26
TRAINING	26
TESTING AND ACCEPTANCE PROCEDURE	26
RUSH CHARGES	27
MAINTENANCE	27
TECHNICAL SUPPORT	27
TABLE 1: DELIVERY SCHEDULE	29
THE BELOW TABLE REPRESENTS AN INITIAL ESTIMATED TIMETABLE, BASED ON BUSINESS DAYS, FOR PERFORMANCE SUBJECT TO ADJUSTMENT PURSUANT TO THE TERMS OF THIS SOW:	29
TABLE 2: PAYMENT SCHEDULE	30
DEFINITIONS	30
THIS OFFER IS CONFIDENTIAL AND EXCLUSIVE TO FST AND IS NOT VALID WITH ANY OTHER PROMOTIONS.	31

(NOTE: Developer to complete the edit of this SOW as first part of work. Equipment noted is for discussion reference only. First equipment will be a Linux PC box only, for Phase 2, or shared hosting service, ie":Verio \$40.00/mo plan. This plan is meant to start as small-as-possible and scale to as-large-as-possible)

Dear Team Leader:

FST, a California entity ("FST") wishes to contract the creation and integration of certain original and third party software and third party hardware from you ("Developer") and Developer desires to sell such software and hardware and services to FST. FST also wishes to retain Developer to develop software and provide installation services and other services and Developer desires to provide such installation and other services as well as develop custom software ("Custom Software") for and grant to FST certain distribution and usage rights in Custom Software pursuant to the terms contained in this letter ("Letter Agreement").

Reference is made to a Statement of Work ("SOW") attached to this Letter Agreement and which is hereby incorporated into and made a part of this Letter Agreement. Developer will use reasonable commercial efforts to achieve the functionality defined or described in the SOW, Developer warrants that all functionality defined or described in the SOW will be achievable in any software or services delivered by Developer to FST.

Any terms contained in this Letter Agreement that are contrary to any terms contained in the SOW will control over the terms in the SOW. Please signify your acceptance of the terms of this Letter Agreement by signing at the end of the SOW in the signature block provided.

Signed-
FST:

Dated:

Signed-
Developer:

Dated:

Capsule description of job

The goals of the FST Hnet system are as follows:

- Simple architectural structure
 - . Make future extensions easy
- Straightforward implementation
 - . Minimal amount of integration
 - . Keep external costs low
 - . Utilize COTS as appropriate
- Get something working soon
 - . Base platform
 - . Add features opportunistically

We assume that you have produced multiple versions of this type of system before, that you have all of the tools and resources you need in hand already, that you can operate without fees, expenses or any other funds from us for up to 3 months, and that you will use previously created templates and off-the-shelf products to create portions of the first two phases.

This system, for example, should emulate the full e-commerce, inventory, product management, delivery, shipping, scheduling and all other non-marketing functionality of UPS.com and FTD.com

Prep: Re-write the SOW based on the template we will provide. Fill in and change to meet your proposal spec, all data in the template.

Phase 1: Due in 1 week from day 1. Should take 2 days of programming. User interface page with 5 fields to enter data. Submit button and auto-return of results. (COMPLETED)

Phase 2: Due in 1 month from day 1. Should take 3 weeks of programming. Simulate global system in full function using web-robots to emulate 500,000 users.

Phase 3: Due in 5 months from day 1. Should take 4 months of programming. Start changing robots to real users.

Phase 4: Due in 5 months from Phase 3 day 1. Should take 5 months of programming. Full global system operational in real-world usage.

System Components

To keep this simple, the following components are required (recommendations in []s):

. Network colocation

- This is 1/4 rack ("11 U" = about 19").
- Can hold several computers
- Could consolidate existing IT infrastructure, web site, email.
- Smallest reasonable footprint available in the Bay Area
- Good support, central location

. Server computer

[Sun Sparc Netra/X1, 1U rack mount, "small" configuration, <http://store.sun.com/catalog/doc/BrowsePage.jhtml?cid=60268>]

- memory
- disk

This will fit into a rack, take minimal space, and will provide everything needed for this first system, demos, etc. You will configure the hardware, install software, security-prep and arrange for lights-out system administration (regular backups, etc.)

. 3rd Party Software

-- Development Environment

[Java JDK (j2ee), \$0]

All required tools are freely available on the Internet, will be installed and configured for best performance and capability

-- Web Server

[Zeus v4, <http://www.zeus.com/>, ~\$2500?]

This is the most expensive component, but we've found no other web server that's worth it like Zeus is. We will install and configure for best performance and capability. A certificate will be required (Verisign, \$295/yr) for secure operation, but it's optional for now.

-- Database

[Sybase v11.9.3, \$1000]

Rock-solid, simple, high-performance and cheap alternative to Oracle boondoggle. We will install and configure for best performance and capability, plus lights-out system administration, backups, etc.

Application Components

These are chosen based on past experience with similar projects.

. HNet Application Server ("HAS")

This is the bulk of the work, described in more detail below.

. HAS <---> Database linkage

We'll provide linkage between the HAS and a "standard" database using JDBC; in theory any database should work, but in practice we've found that Sybase works best. We don't use any Sybase-specific features, to make a database change at a later time feasible. The database will be the storage mechanism for all of

the

data that the system collects and manages. We tend not to rely on database "programming" per se, but rather simply use it as a place to store data persistently.

. Web Server <---> HAS linkage

There's some mechanism involved with getting a web hit directed to the HAS (as opposed to simply delivering static content) that has to be built, but Zeus makes this a straightforward engineering effort. Maintenance of sessions, hooks for authentication and authorization, and mapping from URLs to application functionality are provided.

. Static HTML

The "output phase" of the HAS is templated to allow a clean separation between form and function: the LFA (Look, Feel, Attitude) can be modified independently of the running system, in particular by non-contractor team members.

This has many plusses including separation of the work effort, but also we've found that:

- . Changes to the LFA can be made without restarting the system
- . Multiple LFA instances (such as "current" and "new") can

co-exist

- . Development of new modules can leverage existing templates
- . Miscellaneous
Some of the functionality we'll provide will reside outside the HAS, so that they can be developed independently without a dependency on the HAS itself. Examples include administrative "housekeeping" duties and the "robotic" features we talked about the other day (phony participants in the transaction system).

HNet App Server Components

- . Authenticated Participant Manager
All participants (identified by a name, authenticated by a password) have roles (what they can read, what they can write, what they can do) and personal attributes (email contact, address information).
- . Data Object Manager
All data objects in the system have attributes, such as the owner of the data, when it was last modified, and any of the specific items such as an amount for a purchase or a location for a telemetry upload.
- . Transaction Manager
Some mechanism is required to make sure that transactions happen in the right order and can be verified, etc. All transactions generate historical logs for auditing purposes.
- . Report Manager
Flexible report generation, including Excel export/download

Specific Functional Units

- . Session
 - Login
 - Logout
 - Session Timeout
- . Participant Management
 - Create
 - Modify
 - View
 - Change Password
 - Recover Password
- . My Hydrogen
 - Orders
 - . View (old/current) and track
 - . Create (email confirm)
 - . Modify
 - Reminders
 - Usage / Statistics
 - . trends
 - . charts
 - . forecasts
 - Account Management
 - . Change of address (shipping/billing)
 - . Password
- . Customer Service
 - Catalog management
 - . Prices

- . Inventory
- . Descriptions, etc.
- Customer order review/revise
- Reports
 - . Sales data (by period, by item)
 - . Open Orders
 - . Usage (logins, changes, buyers, lurkers)
 - . New customers
 - . Analytics
- . Inventory Management
 - On hand
 - Orders
 - Ordered -> On hand
 - Reports

The system will, initially, interface to the UPS shipping system provided by UPS, The FedEx shipping system, provided by Fed-Ex and, subsequently, the DHL, Airborne and local major bike messenger routing systems via http and FTP interface.

The Complete Share-Grid(tm) and Hnet Software(tm) system will handle the following functions by the end of Phase 4:

Back Office Operations
 Accounting
 Finance
 HR
 Back Office Suites
 Business Productivity
 Collaboration
 Document Management
 Groupware
 Intranets
 Data Management
 Business Intelligence
 Data Warehousing
 Integration & Middleware
 RDBMS
 Management Systems
 ERP
 Project Management
 Networking Operations
 Network Admin & Mngmt
 Remote Access
 Storage Systems
 Operating Systems/Utilities
 Operating Systems
 System Utilities
 Process Control
 MRP
 Supply Chain Management
 Sales & Marketing
 CRM
 Call Center

Marketing
Sales Force Automation
Security
Authentication
Encryption
Firewalls
Web & Internet Operations
E-Commerce
Web Servers

The overall system provides for a subscription metaphor as well as a fuel auction capability. This SOW does not the Fuel Cell Cassettes, the 'dumb' Smart Chip, the GPS system or the data collection required as the system is unfunctional without them. It also covers the required integration with the FST accounting, marketing and Business Intelligence (BI) systems.

The Pocket PC Demo which is currently operating at <http://www.fuelselltechnologies.com> shall be used as a client communication system to show developer what client intends for the handheld solution.

This SOW is intended to be for Phase 2 of a multi-phase effort.

Introduction

This Statement of Work ("Statement of Work" or "SOW") addresses the need to build FST's "System".

This Statement of Work for provision of goods, Materials and services as required herein. The dollar limit stated is an accurate estimate. If the limit is exceeded, Developer will continue to provide services at the agreed to rate on a Time and Materials basis. Transactions performed will be conducted in accordance with and be subject to the terms and conditions of this Statement of Work.

Services are also referred to as "Application Development" and will consist of the installation and configuration of hardware, software and services necessary to meet the objectives listed below.

Objectives

- Represent FST's corporate look.
- Create a customized user experience based on session management
- Be able to support on-line Fuel credit card transactions.
- Allow for support of secure transactions.
- Be built on a platform that is scalable to grow with the demand for FST's market requirements.
- Collect information about the shoppers such as what Fuels are being purchased, what times of the day purchases are made, gender, age, geography, purchasing history, etc.
- Produce anticipatory inventory system.
- Produce interaction between the Mem-Tel Cards and electronics on all systems globally.
-

Infrastructure / Requirements:

Application Architecture

The application will be architected following a multi-tier model that leverages the scalability of both networking devices and specialized CPUs. The following chart describes that model:

- ◆ The Application Server tier will take care of processing the incoming browser requests, querying the Fuel Database, processing payments and collecting information about shopper usage patterns.
- ◆ The File Server tier will insure that Fuel files are being served over the Internet without generating a throughput bottleneck on the machines that are querying the database itself.

It is very clear that when serving files of the size FST's application is going to, targeted to a potentially large number of users, network bandwidth and load distribution – not CPU power – will be the potential bottleneck. The distribution of processing described by FST in this proposal defines a modular architecture that will scale by:

- Adding more File Clustered Servers and increasing network bandwidth as the number or the size of the Fuels contained in the library evolves

The configuration included in this proposal does not include the sizing of the File Server tier machines (should we look at NAS or SAN?). It assumes that for the purposes of the first deployment, the files can potentially be served from within the Application Server tier machines.

Developer will propose a solution that assumes that FST will want a strong development environment, staging environment and production environment that can be modularly expanded. Both development and staging environments will mirror production in type and size of servers and versions of software. Production and staging will have the added protection of clustering, load balancing and automatic failover.

Server Farming

FST's application will need to be hosted in a highly scalable deployment infrastructure that requires a detailed Network Deployment & Analysis Study. Because of the amount and volume of the content being served and the potential concurrent user load, special network architecture issues need to be taken into account before the service gets launched on a big scale. As an example, considerations such as the geographic distribution of the FST population could result into the need to host the application at replicated co-located sites throughout the US, thus leveraging the bandwidth of the regional internet backbones. In parallel with the development of the application, FST will conduct a Network Deployment & Analysis Study that will help map out the co-location, network and other infrastructure needs, based on FST's business objectives. A set of examples of the type of facility required by this type of application is included in this proposal for informational purposes only.

Hardware and Software configurations included in this proposal

This archetype is being configured with the best estimates based on the figures below. These recommendations are an estimate aimed to meet the minimum requirements of the application. System performance will be significantly affected by a variety of variables beyond the scope of this proposal. As an estimate we do not guarantee any system performance expectations.

Contracting Parties

Developer : Developer (Hereinafter called "Developer") and FST, (hereinafter called "FST"), are subject to the terms and conditions as defined herein between FST and Developer. This Proposal is both a Statement of Work, and Work Authorization. This Statement of Work is subject to the terms and conditions of the applicable FST license agreements for any FST software furnished under this Statement of Work and to the terms and conditions applicable to any third party hardware, software and/or support furnished hereunder (collectively "Other Agreements"). Transactions performed under this Statement of Work will be conducted in accordance with and will be subject to the terms and conditions of this Statement of Work, the Letter Agreement attached to this and any applicable Work Authorizations and Other

Agreements. In the case of any conflict between this Statement of Work and the Agreement or Other Agreements the terms of the Letter Agreement and/or Other Agreements shall govern. If the parties fail to execute the Letter Agreement and/or Other Agreements, either party may terminate this Agreement upon notice to the other party.

User Requirements & Project Specifications

FST recommends building "Application" with software listed under "Technical Requirements." The list below represents examples of activities that may take place during the development cycle (but do not constitute obligations on FST' part).

- Define a process to implement a security methodology to insure that the highest level of confidentiality is maintained for the duration of this project.
- Archetype to be defined
- Installation and configuration of FST Authoring Server Suite for Application Server on server, and install and configure database management system.
- Graphic design
- "Application" creation
- Application Server development
- Create product categories
- Create product templates
- Data preparation and staging
- Data import into database management system
-
- Site testing and review
- Build Meta Data and pointers in IBM's Digital Library
- Build program to link dynamically to IBM's Digital Library
- Connect Digital Library to one of "FST's" File Servers
- Test automatic download
- Product advisor configuration
- Build shopping metaphors
- Payment configuration
- Load existing user profiles captured from "FST's" existing web site into user groups in online store and database
- Testing and review
- Ship to ISP for installation in Rack.
- Final testing, release and approval process

Team Leaders

FST IT Contact:

FST Other Contact: Scott Redmond

FST Project Manager: _____

FST Lead Engineer: _____

Micropayment IT Contact:

Developer Contact: Timothy P. Beck

Developer Other Contact: Richard E. Dana

Documentation

Notes authored during the development of this proposed solution relevant to dB schema and architecture will be provided to "FST" in photocopy format only upon acceptance and delivery of proposed solution described here in. Additionally all documentation included with purchased software will be provided to "FST" at this time.

Training

Technical training will be provided to the IT group in regards to the development process. We have budgeted for forty hours of on-site training to assist in the transferring of knowledge between that of FST and "Developer". This training will be implemented incrementally through the various development phases.

Technical Requirements

The FST software furnished under this Statement of Work will be year 2000 compliant. Any warranty or representation with respect to year 2000 compliance of third party hardware or software will be provided by the manufacturer of such hardware or software.

Hardware

FST acknowledges that all Hardware specifications and requirements are as specified and requested by FST, and FST makes no representations or warranties that the specifications with regards to Hardware requirements and Hardware configuration are appropriate or adequate. FST' subcontractors for the Hardware and Hardware system design services have separately provided representations and warranties to FST. FST agrees that FST has no liability with respect to any representation or warranty provided by such subcontractors.

FST acknowledges that notwithstanding anything to the contrary in this SOW, Hardware and Hardware related services will either be provided by FST or a third party. In the event that Hardware and Hardware related services are provided by a third party, FST's use and/or license of such Hardware and Hardware services shall be subject to terms and conditions between FST and such third party. In the event that Hardware and Hardware services are provided by FST, FST represents that all prices for Hardware and Hardware services represent FST' costs of purchasing such Hardware and Hardware services ("FST Hardware Costs") in addition to a reasonable allocation for FST' overhead and transaction costs not to exceed fifteen percent of FST Hardware Costs.

<u>Quantity</u>	<u>Server for Application Server to run on.</u>
Two	Dell 2550 Enterprise Server.
Two	Central Processing Units
One	Two Gigabyte Hard Drives
Six	9.1 GB int. disk configured as RAID
Two	SSA adapter
N/A	AIX Lic
One	3153-BG3 --> ASCII Display

<u>Quantity</u>	<u>Server for Sybase ASE 12.5.</u>
Two	Sun Solaris.
Two	Central Processing Units
Three	9.1 GB int. disk configured as RAID
Two	SSA adapter
One	3153-BG3 --> ASCII Display

	Additional hardware to include:
One	SAN/NAS

Software

All software furnished under this Statement of Work will be furnished under, and subject to the terms and conditions, of the end user license agreements applicable to such software, and FST agrees to adhere to the terms and conditions of such end user license agreements. The description of software set forth below is intended only for descriptive purposes and does not constitute a representation or warranty with respect to such software or its performance.

1. EA Server 4.0 is a set of integrated software components that provides a solution for businesses to sell goods and services through an electronic catalog on the Internet. This out-of-the-box solution gives companies the ability to start simple and grow fast. It comes complete with catalog templates, setup wizards and advanced catalog tools to easily build effective and attractive electronic commerce sites.

Sybase Enterprise Application Server, V4.1 is an open, extensible solution with a focus on the servlet engine and Java Server Pages. It includes a secure and scalable runtime environment that supports HTTP, IIOP and J2EE (Java 2, Enterprise Edition).

Sybase Enterprise Application Server, V4.1 supports the simplest NT- and UNIX-based Web application needs, up through enterprise-class Web applications. The Enterprise Edition runs on popular Intel and UNIX platforms, like Windows NT, Sun Solaris and AIX, on HTTP servers from Microsoft, Netscape, Apache and IBM.

The Enterprise Edition offers a robust solution to grow your e-business applications. It combines two-phase commit, clustering and high availability with the full-distributed object and business process integration capabilities of a Component Transaction Server.

Do you want to develop an Authoring Suite?

Hosting Facilities Basic Requirements

A hosting facility is required for the proposed "Application" to function as desired with "FST's" clients. FST is responsible for choosing a hosting facility and FST makes no representations or warranties with regard to the choice of hosting facility. This agreement is not predicated upon the final selection of any particular Internet Service Provider.

Testing

The following list represents an agenda to take place during testing. Testing will take place after delivery of the software or other deliverables. The listed items represent only examples of types of testing that may take place at FST' discretion. All testing will be done by FST on a time and materials basis.

- User Interface
- QA engineer tests information architecture
- Functionality
- User Scenarios
- Test Workflow and User Experience

- Performance
- Security Testing & Authentication Testing
- Hardware and Software Configurations
- A designated "FST" Technical Lead will participate in acceptance testing.

Co-Marketing Obligations

FST and Developer will negotiate in good faith a series of co-marketing activities to be entered into by both FST and Developer. Developer will make a suitable representative reasonably available to answer reasonable inquiries from the news media or FST's investors or FST's potential investors about this SOW provided that Developer is under no obligation to reveal trade secrets or other information FST deems as confidential.

Contract Information

During the term of this engagement, within 5 business days of contract signing Developer will begin development at FST location. All information Developer receives about FST business will be treated as client sensitive. FST will provide Developer with a schedule indicating when FST would like Developer project team available for meetings needed to hit our Deliverable milestones. _____ will be Developer engagement manager and will keep Developer informed of FST progress.

At different points during the development process there will be opportunities for testing and review. Sign off will be required after each review before development will continue. FST will own and may patent at its' sole discretion the software created by developer for FST.

During the term during which Developer will be providing professional services and consulting services to "FST", "FST" will not solicit for employment or retention as an independent contractor or consultant any Developer Personnel or independent contractor of Developer without the written permission of Developer.

FST shall pay Developer on a time and materials basis for all work performed by Developer at any hourly rate of \$150 per person. Hardware and software and certain other project costs are set forth below in this Statement of Work. FST has defined a series of three (3) achievement milestones ("Milestones") and the estimated development costs of such Milestones ("Milestone Estimates").

Each Milestone and each of the Milestone Estimates are further defined in Table 1. FST will indicate to Developer when, in FSTs' sole discretion, each Milestone has been achieved. Upon completion of each Milestone, Developer will provide to FST a statement of the amount of costs charged to date to FST for all software, development, project management, technical support, hardware, testing and related items delivered to FST for that particular Milestone. If in the event that Developers' time and materials costs and software and hardware costs to date of completion of any Milestone exceeds any Milestone Estimates by greater than five percent, then FST and Developer agree to mutually renegotiate the scope and/or costs of future development work. All third party and pre-existing FST Software and all hardware associated with each of the three Milestones (as specified in Table 1) shall be entirely paid to Developer prior to Developer performing any tasks under this SOW for that particular Milestone with all Milestone one third party software, pre-existing FST Software and hardware to be paid and immediately due upon signing of this contract. Any Milestone specifications and Milestone Estimates determinations are to be used only for the purposes of this paragraph and do not represent any additional warranties or obligations other than those already present in this SOW. ***This entire paragraph needs to be reworked to support the intended agreement of "no billing until***

Suggest:

THIS CONSULTING AGREEMENT (the "Agreement") is made and entered into as of 2002 , by and between FuelSell Technologies a Delaware Corporation operating in California (the "Company") and _____, an individual residing in the State of California ("Consultant").

WHEREAS, the Company desires to retain the services of Consultant on the terms and conditions herein provided, and Consultant is willing to provide such services on such terms and conditions.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants of the parties contained herein, the parties agree as follows:

1. Term of Agreement. This Agreement is effective as of _____, 2002 and will terminate on _____, 2003, (the "Termination Date") unless terminated earlier pursuant to Paragraph 4 of this Agreement. This agreement may be modified only by written agreement between both parties.

2. Services. Consultant agrees to render consulting services (the "Services") to the Company for the term of this Agreement. Consultant shall serve under the direction of the General Manager. The Services shall include, but are not limited to, those duties set forth in Exhibit A hereto. The parties understand and agree that Consultant will have the sole discretion to determine the method, and means of performing the Services, and that the Company has no right to, and will not, control or determine the method, or means. Place of performance will be determined and agreed upon by both parties.

3. Compensation. During the term of this Agreement, as compensation for the Services rendered and other obligations undertaken by Consultant hereunder, Consultant shall be entitled to the following compensation: the Company shall pay Consultant as per the compensation plan set forth on Exhibit B hereto. Consultant shall submit to the Company invoices for all services rendered at the end of each month in which Consultant provided Services. Upon receipt of Consultant's invoice and only after Round-A financing has been secured will cash payments be made by the Company for compensation in which Consultant has satisfactorily provided Services. Invoices will be paid within 10 business days of receipt. Consultant shall use his best efforts in providing such Services. The foregoing fees are Consultant's compensation for rendering Services to the Company.

4. Termination of Agreement. This Agreement may be terminated by either the Company or the Consultant at any time prior to the Termination Date by giving three (3) weeks' written notice of termination. Such notice may be given at any time for any reason, with or without cause. The Company will compensate the Consultant for all Services performed by Consultant through the date of termination. If consultant or company terminates agreement prior to secured financing, the company will only be obligated to compensate consultant for the vested equity portion of the compensation plan through stock warrants. If the company desires to buy back the warrants from consultant, the company will have up to 90 days after separation to buy back equity warrants from consultant for a reasonable amount agreed to by both parties.

5. Independent Contractor Status. It is the express intention of the parties to this Agreement that the Consultant is an independent contractor, and is classified by the Company as such for all employee benefit purposes, and is not an employee, agent, joint venturer, or partner of the Company. Nothing in this Agreement shall be interpreted or construed as creating or establishing an employment relationship between the Company and the Consultant. Both parties understand and agree that the Consultant may, and probably will, perform services for others during the term of this Agreement.

6. Warranties. Consultant warrants that he is in the business of providing to other companies services similar to those provided to the Company under this Agreement; Consultant further warrants that he either is providing, or has provided, such services to other companies.

7. Employment of Assistants. Should the Consultant, in his sole discretion, deem it necessary to employ assistants to aid him in the performance of the Services, the parties agree that the Company will not direct, supervise, or control in any way such assistants to the Consultant in their performance of Services. The parties further agree that such assistants are employed solely by the Consultant, and that he alone is responsible for providing workers' compensation insurance for his employees, for paying the salaries and wages of his employees, and for ensuring that all required tax withholdings are made. Consultant further represents and warrants that it maintains workers'

compensation insurance coverage for its employees and acknowledges that it alone has responsibility for such coverage.

8. Non-Competition. Consultant agrees that during the period Consultant renders Services to the Company, Consultant will not, without the prior written approval from the General Manager of the Company, engage in any employment, business or activity that is in any way competitive with the business or proposed business of the Company, and Consultant will not assist any other person or organization in competing with the Company, or in preparing to engage in competition with the business or proposed business of the Company.

9. Obligations of the Consultant.

- a. The Consultant will supply all tools and equipment necessary to perform the Services.
- b. Consultant is solely responsible for all taxes, withholdings, and other similar statutory obligations; and Consultant agrees to defend, indemnify and hold Company harmless from any and all claims made by any entity on account of an alleged failure by the Consultant to satisfy any such tax or withholding obligations.
- c. Consultant will be responsible for all travel expenses incurred in connection with this Agreement; provided however, if travel is performed pursuant to the Company's specific written request, Consultant shall be reimbursed for reasonable expenses incurred up to an approved amount, upon submission and verification of customary receipts and vouchers.
- d. Consultant will indemnify and hold the Company harmless from, and will defend the Company against, any and all loss, liability, damage, claims, demands, or suits and related costs and expenses to persons or property that arise, directly or indirectly, from acts or omissions of the Consultant, or from the breach of any term or condition of this Agreement attributable to Consultant or his agents.

10. Reporting to the Company's Facilities. Consultant is not required to report to work at the offices of the Company during any particular work hours. Rather, Consultant will report or not report to the Company's offices as mutually agreed upon by company and consultant. When Consultant does visit the Company's offices, he will be required to sign in and be issued a temporary identification badge like any other non-employee visitor to the Company's facilities.

11. Limited Liability. This provision allocates the risks under this Agreement between Contractor and Client.

Contractor's total liability to Client under this Agreement for damages, costs and expenses, shall not exceed \$1000 or the compensation received by Contractor under this Agreement, whichever is less. However, contractor shall remain liable for bodily injury or personal property damage resulting from grossly negligent or willful actions of Contractor or Contractor's employees or agents while on Client's premises to the extent such actions or omissions were not caused by Client.

Neither party to this agreement shall be liable for the others lost profits, or special, incidental or consequential damages, whether in an action in contract or tort, even if the party has been advised by the other party of the possibility of such damages.

12. Confidential Information. Consultant understands that the Company possesses Proprietary Information as defined below which is important to its business and that this Agreement creates a relationship of confidence and trust between Consultant and the Company with regard to Proprietary Information.

a. For purposes of this Agreement, "Proprietary Information" is information that was or will be developed, created, or discovered by or on behalf of the Company, or is developed, created or discovered by Consultant while performing Services, or which became or will become known by, or was or is conveyed to the Company which has commercial value in the Company's business. "Proprietary Information" includes, but is not limited to, trade secrets, designs, technology, know-how, works of authorship, source and object code, algorithms, processes, data, computer programs, ideas, techniques, inventions (whether patentable or not), business and product development plans, customers, customer lists and other information concerning the Company's actual or anticipated business, research or development, personnel information, terms of compensation and performance levels of Company employees, inventions

(as defined in subsection e below), or which is received in confidence by or for the Company from any other person. Consultant understands and agrees that this consulting relationship creates a relationship of confidence and trust between the Company and Consultant with respect to Proprietary Information and has signed an NDA in acknowledgment of this.

b. At all times, both during the term of this Agreement and after its termination, Consultant will keep in confidence and trust, and will not use or disclose, any Proprietary Information without the prior written consent of an officer of the Company, except as may be necessary in the ordinary course of performing the Services under this Agreement.

c. Consultant understands that the Company possesses or will possess "Company Documents" which are important to its business. For purposes of this Agreement, "Company Documents" are documents or other media or tangible items that contain or embody Proprietary Information or any other information concerning the business, operations or plans of the Company, whether such documents have been prepared by Consultant or by others. "Company Documents" include, but are not limited to, blueprints, drawings, photographs, charts, graphs, notebooks, customer lists, computer disks, personnel files, tapes or printouts, sound recordings and other printed, typewritten or handwritten documents. All Company Documents are and shall remain the sole property of the Company. Consultant agrees not to remove any Company Documents from the business premises of the Company or deliver any Company Documents to any person or entity outside the Company, except as required to do in connection with performance of the Services under this Agreement. Consultant further agrees that, immediately upon the Company's request and in any event upon completion of the Services, Consultant shall deliver to the Company all Company Documents, apparatus, equipment and other physical property or any reproduction of such property, excepting only Consultant's copy of this Agreement.

d. During the term of this Agreement and for one (1) year thereafter, Consultant will not encourage or solicit any employee of the Company to leave the Company for any reason.

e. Consultant will promptly disclose in writing to the President of the Company all "Inventions" (which term includes improvements, inventions, designs, formulas, works of authorship, trade secrets, technology, mask works, circuits, layouts, algorithms, computer programs, ideas, processes, techniques, know-how and data, whether or not patentable) made or conceived or reduced to practice or developed by Consultant, either alone or jointly with others, during the term of this Agreement in connection with the Services or which relate to any Proprietary Information.

All Proprietary Information and all title, patents, patent rights, copyrights, mask work rights, trade secret rights, and other intellectual property and rights anywhere in the world (collectively "Rights") in connection therewith shall be the sole property of the Company. Consultant hereby assigns to the Company any Rights Consultant may have or acquire in such Proprietary Information.

Consultant agrees that all Inventions which Consultant makes, conceives, reduces to practice or develops (in whole or in part, either alone or jointly with others) during the term of this Agreement in connection with the Services or which relate to any Proprietary Information shall be the sole property of the Company. Consultant agrees to assign and hereby assigns to the Company all Rights to any such Inventions.

f. Consultant agrees to perform, during and after the term of this Agreement, all acts deemed necessary or desirable by the Company to permit and assist it, at Consultant's reasonable rate, in evidencing, perfecting, obtaining, maintaining, defending and enforcing Rights and/or Consultant's assignment with respect to such Inventions in any and all countries. Such acts may include, but are not limited to, execution of documents and assistance or cooperation in legal proceedings. Consultant hereby irrevocably designates and appoints the Company and its duly authorized officers and agents, as Consultant's agents and attorneys-in-fact to act for and on behalf and instead of Consultant, to execute and file any documents and to do all other lawfully permitted acts to further the above purposes with the same legal force and effect as if executed by Consultant.

g. Consultant represents that performance of all the terms of this Agreement will not breach any agreement to keep in confidence Proprietary Information acquired by Consultant in confidence or in trust prior to the execution of this Agreement. Consultant has not entered into, and Consultant agrees not to enter into, any agreement either written or oral that conflicts or might conflict with Consultant's performances of the Services under this Agreement.

h. If any Rights or Inventions assigned hereunder are based on, or incorporate, or are improvements or derivatives of, or cannot be reasonably made, used, reproduced and distributed without using or violating technology or Rights owned or licensed by Consultant and not assigned hereunder, Consultant hereby grants the Company a perpetual, worldwide royalty-free, non-exclusive sublicensable right and license to exploit and exercise all such technology and Rights in support of the Company's exercise or exploitation of any assigned Rights or Inventions (including any modifications, improvements and derivatives thereof).

13. General Provision. Consultant agrees that all obligations under Paragraphs 9, 10(b)&(d), 12, 14, and 16 through 18 of this Agreement shall continue in effect after termination of this Agreement, and that the Company is entitled to communicate Consultant's obligations under this Agreement to any future client or potential client of Consultant.

14. Enforceability of Agreement. Consultant agrees that any dispute in the meaning, effect, or validity of this Agreement shall be resolved in accordance with the laws of the State of California without regard to the conflict of laws provisions thereof. Consultant further agrees that if one or more provisions of this Agreement are held to be unenforceable under applicable California law, such provision(s) shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

15. Assignment. This Agreement shall not be assignable by either the Consultant or the Company without the express written consent of the other party.

16. Arbitration. Consultant and Company agree that any and all disputes that either party may have with the other party, which arise out of this Agreement shall be resolved through final and binding arbitration in San Francisco County, California in accordance with the rules and regulations of the American Arbitration Association then in effect. The parties shall share any costs and fees, other than attorney fees, associated with the mediation equally. Both parties understand and agree that the arbitration shall be instead of any civil litigation and that the arbitrator's decision shall be final and binding to the fullest extent permitted by law and enforceable by any court having jurisdiction thereof. The arbitrator will allocate costs of arbitration, including attorney fees.

17. Entire Understanding. This Agreement contains the entire understanding of the parties regarding its subject matter, and supersedes all other agreements, either oral or in writing, between the parties. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, oral or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement or promise not contained herein shall be relied upon or be valid or binding. This Agreement can only be modified by a subsequent written agreement executed by the Consultant and the President of the Company.

17. Notices. All notices required or given herewith shall be addressed to the Company or Consultant at the designated addresses shown below by registered mail, special delivery, or by certified courier service:

a. To Company:

Scott Redmond
COO
601 Van Ness Avenue, Suite E3613
San Francisco, CA 94102

b. To Consultant:

Name:
Address:
City/State:

18. Attorneys' Fees. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs, and necessary disbursements, in addition to any other relief to which the party may be entitled.

Consultant has read this Agreement carefully and understands and accepts the obligations which it imposes upon Consultant without reservation. No promises or representations have been made to Consultant to induce Consultant to sign this Agreement. Consultant signs this Agreement voluntarily and freely.

CONSULTANT

Dated: _____, 2002

FuelSell Technologies, Inc.

Dated: _____, 2002

By: _____

Its: _____

EXHIBIT A

STATEMENT OF WORK / DUTIES OF CONSULTANT

SOW Paragraph (1)
SOW Paragraph (2)
SOW Paragraph (3)
SOW Paragraph (4)
SOW Paragraph (5)

EXHIBIT B

COMPENSATION

Company hereby agrees to pay Consultant, as compensation for the services set forth on Exhibit A, (the "Statement

of Work / Duties of Consultant").

If the Compensation consists in whole or in part of shares of the Company's Common Stock (the "Shares"), Company shall recommend that the Company's Board of Directors issue to Consultant that number of Shares set forth on Schedule 1. Subject to Board approval, the Company will grant you an option to purchase the issued shares of Common Stock at an exercise price equal to the then fair market value as determined by the Board of Directors. Such Option shall be subject to vesting restrictions and other standard provisions set forth in the Company's stock option documentation.

Schedule 1 will be completed as milestones are achieved and shares are issued.

At the closing of the Company's Series A Preferred Stock financing, Consultant shall receive the following:

- (1) Consultant compensation is based on each FuelSell approved SOW paragraph at a mutually agreed upon number of hours and rate per hour for the work performed. Additional duties may be negotiated and contract will be revised to reflect any changes to statement of work under separate cover. This consulting agreement will begin on the start date of this contract (see contract page 1). Below is the Statement of Work Compensation Table which correlates each approved Exhibit A Statement of Work Paragraph with mutually agreed upon hours, rate per hour, a FuelSell purchase order number, and initials of the Independent Contractor and FuelSell approving manager.

Statement of Work Compensation Table

SOW Paragraph	SOW Hours	Rate Per Hour	Purchase Price	PO Number	FuelSell Initials	Contractor Initials
		\$ -	\$ -			
		\$ -	\$ -			
		\$ -	\$ -			
		\$ -	\$ -			
		\$ -	\$ -			
		\$ -	\$ -			
		\$ -	\$ -			

EXHIBIT B (Continuation Page)

- (2) Payment for services rendered will begin only after Series-A funding has been secured and only if contract is current. For every month, beginning with the contract start date, the company has not secured Series A financing, an additional .00 % in common stock to be issued will be vested to the consultant. Upon financing this salary deferral equity bonus will discontinue.
- (3) Consultant shall receive the following equity vested over the life of this contract. Upon termination of contract, vesting will discontinue (see termination clause):
 - % of the common stock to be issued vested equally from start to end dates of this contract period.

EXHIBIT D**PATENT BONUS EQUITY**

Company hereby agrees to vest Consultant, an additional ___% in common stock to be issued, upon receiving approval of a company authorized patent filing for the company.

Company shall recommend that the Company's Board of Directors issue to Consultant the number of Shares set forth on Schedule 1. Subject to Board approval, the Company will grant you an option to purchase the issued shares of Common Stock at an exercise price equal to the then fair market value as determined by the Board of Directors. Such Option shall be subject to vesting restrictions and other standard provisions set forth in the Company's stock option documentation.

Schedule 1 will be completed as milestones are achieved and shares are issued.

FuelSell Technologies, Inc.

Dated: _____, 2002

By: _____

Its: _____

Shipping charges, and state and local taxes will be added, if applicable, and paid for by FST. This offer is confidential and is exclusive to "FST" and is not valid with any other promotions.

FST entire liability under this engagement is limited to the total amount paid us to date for the engagement. In no event will FST' liability to Developer for breach of this Statement of Work or for any matter or claim arising in connection with this Statement of Work or any services, goods, software or other matters provided hereunder, or otherwise exceed the total amount paid to Developer to date under this Agreement.

NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY, OR ANY OTHER ENTITY OR PERSON, FOR ANY LOSS OF PROFITS, LOSS OF USE, INTERRUPTION OF BUSINESS OR FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES OF ANY KIND, WHETHER ARISING UNDER BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE AND WHETHER BASED ON THIS AGREEMENT OR OTHERWISE EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. EXCEPT AS MAY BE OTHERWISE PROVIDED IN THE LETTER AGREEMENT AND/OR OTHER AGREEMENTS AND NOTWITHSTANDING ANY PROVISION OF THIS STATEMENT OF WORK ALL HARDWARE, SOFTWARE AND SERVICES PROVIDED ARE PROVIDED "AS IS" WITHOUT WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND. WITHOUT LIMITATION OF THE GENERALITY OF THE FOREGOING, FST DISCLAIMS ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NONINFRINGEMENT OF THIRD PARTY RIGHTS WITH RESPECT TO ANY HARDWARE, SOFTWARE OR SERVICES PROVIDED HEREUNDER.

The Statement of Work may be terminated by either party with or without cause upon thirty (30) days written notice to the other party. Termination of this Statement of Work for any reason shall not relieve FST of its obligations to pay Developer for any hardware or software delivered prior to such termination, for any services performed by Developer prior to such termination. All software and hardware delivered by Developer is non-returnable and all payments by FST are non-refundable.

All software, and hardware furnished hereunder shall be deemed accepted by FST unless rejected, with written notice of rejection stating the grounds for rejection, within five (5) business days after delivery of such software or hardware.

Change Control Policy

Project Change Request

Changes to Services described in this Statement of Work, including addition and deletion of Services, will be submitted in a Project Change Request (PCR). The PCR will describe the change, the rationale for the change, and the effect the change will have on the Statement of Work. The designated Project Manager of the requesting party must authorize the request before submission to the other party. The receiving party may either in writing accept the PCR for implementation or further investigation, or reject it. Any PCR's entered into by Developer must be signed by either Developer's Chief Financial Officer or Developers President. If accepted for implementation, a Change Authorization will be signed by both parties authorizing the change. The terms of a mutually agreed upon Change Authorization will prevail over those of this Statement of Work or any previous Change Authorization.

Any change in the Statement of Work may affect the charges, schedule, or other terms. All PCR's must be jointly accepted by a valid representative of both FST and Developer in writing.

Rescheduling/Limitations

FST may reschedule Services without incurring a charge by giving notice to FST. Any such rescheduled date will not exceed the originally scheduled date by more than 10 days. Both "FST" and FST will be responsible for each companies internal approval process for such changes. These changes will be reflective of feedback from each teams feedback during the development process.

FST acknowledges and agrees that the statement and description of deliverables to be furnished by FST under this Statement of Work are preliminary and non-binding and subject to further definition and modification by FST as it proceeds with the project.

Escrow Agreement

The parties will mutually agree upon terms for a escrow agreement under which the source code for FST Software will be put in escrow, with the trigger for release to be the filing of bankruptcy by FST.

Intellectual Property

Developer hereby assigns to FST all copyrights and trade secret rights in any software specifically developed for FST under this SOW ("Custom Software") with such assignment to not include any pre-existing Developer software or third party software. FST retains the right to develop, use, prepare derivative works of, distribute and sublicense distribution and use of works that are similar or identical to Custom Software ("FST Works") including works that are similar in function, structure, sequence or organization to the Custom Software provided FST Works are not distributed or licensed to anyone or any organization in the "Fuel On Demand" business.

FST retains all right, title and interest, including all copyrights, patent rights and trade secrets rights in any pre-existing FST software, any FST software used to develop Custom Software and any FST software used to test Custom Software. FST may freely use the "residuals" from Custom Software with "residuals" defined as Custom Software in nontangible form (i.e., not in written or documentary form, including tape or disk) which may be retained by FST' employees and agent who have had access to the Custom Software, including ideas, know-how, or techniques contained in Custom Software. FST shall have no royalty obligations to Developer with regards to any works resulting from residuals and

FST's copyrights in the Custom Software shall not be deemed to be violated by FST' use of the residuals or any FST products which make use of residuals.

Development Methodology

FST Professional Services: Development Methodology

The following information is intended as an outline to familiarize you with the general approach FST takes towards completing a project.

Phase I: Scope of Work (The Needs Analysis completed this phase)

FST and Developer will begin investigation of the FST's needs in a series of meetings that will signify project kick-off. The requirements discussed will be included in a "Scope of Work" document. Details of this document are described below:

- Purpose
- User Scope
- Management Objectives
- Constraints
- Resource Requirements
- Open Issues
- Team Participants

Phase II: Design Specification (Development will start here)

Upon the sign-off of "Scope of Work", Developer will begin work on the design specification. The details of this design will be in a "Design Specification" document that will be delivered to the client at the end of this phase of the project.

Details of this document are described below:

- Final sign-off of entities and their relationships
- Proposed screen design
- Proposed navigation/data flow
- Proposed report design and specifications
- Search criteria defined
- Data dictionary

Once written approval has been given for each of the areas described above, FST will begin the development phase of the project. All development will be based on the requirements defined in this "Statement of Work" and the design defined in the "Design Specification."

Phase III: Development Alpha

After sign-off of the Design Specification, Developer will begin development. The focus at this stage will be on navigation, screen design, look and feel. The main screens will be in place, but functionally will be very limited.

Phase IV: Development Beta

Main functionality will be in place. Data will be enterable and information can be saved if application integration is involved in the project. A report interface will be working, though specific reports will not be in place.

After sign-off of this version Phase IV, there will be no major structural changes. The number of screens, the way you move around the system and the interface designed for searching, reporting, navigation and data entry should be complete.

Phase V: Development Final

In Phase V all functionality is complete. The system will be tested by the project team for data integrity this will include assurance review for proper Data Storage.

Once the Beta stage of the system has been implemented, a testing cycle will begin. It is our understanding that the testing cycle will include intensive testing by both the FST and Developer team.

Phase VI: Development Golden

Phase VI represents that substantial functionality is in place. During Phase VI refinements are made to smooth out system performance, should they be needed.

Training

FST has budgeted for forty hours of on-site training to assist in the transferring of knowledge between that of FST and Developer. This training will be implemented incrementally through the various development phases. Developer will transfer knowledge with the individuals defined in the specification phase of the project. This knowledge transfer will also include a review of photocopied notes authored during project development relevant to database schema and architecture.

Testing and Acceptance Procedure

Regression and Integration testing will be ongoing throughout development of the system, usually starting at the "Beta" phase of the project.. **Scott: For testing, I would like to look at a testing tool like Webload by RadView. Thoughts? OK**

As part of the services provided by Developer, Developer will develop with FST an objective acceptance criteria ("Acceptance Criteria") that will reasonably allow FST to determine whether final deliverable software is fully completed.

All issues will be tracked and resolved using FST internal issue tracking system (PITS) – **Does PITS exist? If not, let's look at a version control and issue tracking system such as PVCS.** NO.. We need to create it.

OK. Developer will status FST on open and closed issues on a regular basis and upon delivery of any new versions.

Upon completion of any deliverables, Developer shall provide such deliverable to FST and at FST's request demonstrate to FST the functionality of the deliverable. Developer shall be responsible for testing deliverables for compliance with Acceptance Criteria. If FST, in its reasonable discretion determines that any submitted deliverable does not perform or materially conform to the functional requirements as specified in the Acceptance Criteria, then FST shall have an acceptance period of ten (10) calendar days after Developers' submission of the deliverable to give written notice thereof to FST specifying any errors or non-compliance with Acceptance Criteria ("Bugs"). Such Bugs must be specified in sufficient detail as to allow Developer to determine the level and type of non-conformance with the Acceptance Criteria and to allow Developer to readily reproduce Bugs. Further, FST must be able to reproduce Bugs as reasonably requested by Developer to assist Developer in correcting such Bugs. Developer will use reasonable efforts to promptly cure any Bugs. After completing any such cure, Developer shall resubmit the Deliverable for review and testing as set forth above. Upon accepting any deliverable submitted by Developer, FST shall provide to FST a written acceptance of such deliverable. Notwithstanding the foregoing, if FST fails to reject any deliverable within ten (10) days and in the manner described above, such deliverable shall be deemed accepted.

Rush Charges

If FST makes unexpected last-minute changes that threaten the launch schedule, Developer will present two options: Developer can slip the Launch Date and bill at its standard rates or, if possible can bill at its standard rush rate to complete the project on schedule. Developer will present these options in advance.

Maintenance

Once the application is deployed, Developer can provide an array of services that can range from maintaining the application up to including sub-contracting the hosting for the data centers. This activity will be subject to a new contract between Developer and "FST."

Technical Support

Any technical support purchased under this SOW will be provided by Developer, or when applicable, through a third party. Any technical support provided by Developer will be subject to Developers' standard technical support policies and any technical support provided by third parties will be subject to separate agreements with such third parties.

Any technical support not separately purchased as specified in the "Software and Hardware Annual Technical Support" section in the "Price Schedule" shall be provided on a time and materials basis and will be billed and provided on the same terms and conditions as other services provided under this SOW.

Developer Dedicated 24x7 Software Support Rep

This program applies to all Developer created product. Three named FST contacts (max) will be assigned to a dedicated Senior Account Support Specialist. FST will have priority access to them via phone 8:30AM to 5PM PST and off-hours pager access with a maximum 30 minute response time. The Senior Account Specialist will have complete knowledge of all FST products and FST specific implementation. They will keep FST updated with all the latest information beneficial to FST usage of developed and purchased products, becoming a part of your team.

Communication

All communications between the parties will be carried out through the following designated coordinators: _____ is the project e-mail and all project members can be reached through it.

<i>Business and Sales Related</i>	
FOR FST	FOR CUSTOMER
Phone:	
Fax:	
Email:	
Phone:	
Fax:	
Email:	
<i>Technical Coordinators</i>	
FOR FST	FOR CUSTOMER
Name: -	Name:
Title:	Title:
Address:	Address:
Phone:	Phone:
Fax:	Fax:
Email:	Email:
<i>Business Coordinators</i>	
FOR FST	FOR CUSTOMER
Name:	Name:
Title:	Title:
Address:	Address:
Phone:	Phone:
Fax:	Fax:
Email:	Email:
<i>Legal Coordinators</i>	
FOR FST:	FOR CUSTOMER:
Name:	Name:
Title:	Title:
Address:	Address:
Phone:	Phone:
Fax:	Fax:
Email:	Email:
	FOR CUSTOMER
	<i>Micropayment Technical Coordinators</i>
	Name:
	Title:
	Address:
	Phone:
	Fax:
	Email:

Table 1: Delivery Schedule

The below table represents an initial estimated timetable, based on business days, for performance subject to adjustment pursuant to the terms of this SOW:

Event Description – Store Front Only	Delivery Due Date
<i>Contract Delivery</i>	<i>Project signing date</i>
<i>Start of the project (Contract approval)</i>	<i>Within 5 days of signing and/or delivery of hardware (at FST' discretion)</i>
<i>Specification</i>	<i>10 days from signing</i>
<i>Alpha Deliverable</i>	<i>15 days from Specification</i>
<i>Beta Deliverable</i>	<i>10 days from sign-off of Alpha</i>
<i>Final Deliverable</i>	<i>7 days from sign-off of Beta</i>
<i>Golden Deliverable</i>	<i>3 days from sign-off of Final</i>
Event Description – Back End Only	Delivery Due Date
<i>Contract Delivery</i>	<i>Project signing date</i>
<i>Start of the project (Contract approval)</i>	<i>Within 5 days of signing and/or delivery of hardware (at FST' discretion)</i>
<i>Specification</i>	<i>20 days from signing</i>
<i>Alpha Deliverable</i>	<i>30 days from Specification</i>
<i>Beta Deliverable</i>	<i>20 days from sign-off of Alpha</i>
<i>Final Deliverable</i>	<i>15 days from sign-off of Beta</i>
<i>Golden Deliverable</i>	<i>5 days from sign-off of Final</i>

MILESTONE DEFINITIONS AND MILESTONE COSTS

All descriptions of the tasks to be performed by FST within each Milestone represents only a general description and estimate of the tasks to be performed within each Milestone and such descriptions are not necessarily intended to be descriptions of all the tasks or a limit of the tasks to be performed within each Milestone. All Milestone Sub-Totals (as indicated in the "FST Price Proposal" section of the SOW) for each Milestone represent estimates of the software, hardware, development, project management, technical support, testing and related costs to be billed to FST within each Milestone and are to be used solely for the purposes stated in the first two full paragraphs of the "Contract Information" section starting on page 10 of this SOW.

MILESTONE 1:

Development Tasks For Milestone 1:

- Installation and configuration of Application Server and associated software
- Archetype User Experience
- User Interface and Design
- Store Front Creation
- Creation of product categories and templates
- Data preparation and staging
- Data import into Database Management System
- Site testing and review
- Product Advisor-build shopping metaphors
- Payment configuration
- Load existing user profiles captured from FST's existing web site into user groups in the e-Commerce store and database
- Link application into existing web site

Milestone 1 Pre-Existing FST Software, third party software and Hardware:
 Two Sybase EA Server (and associate Software)
 Two Dell 2550 Web Servers

MILESTONE 2:

Development Tasks For Milestone 2:

- Install and configure ASE on Sun Solaris server
- ??Test auto download

?? ?? ?? Milestone 2 Pre-Existing Software, third party software and hardware:
 TBD

MILESTONE 3:

Development Tasks For Milestone 3: Websphere Session Integration
 Milestone 3 Pre-Existing Software, third party software and hardware
 Two Sybase Application Server Enterprise Edition
 Sybase ASE 12.5 Database Server

Table 2: Payment Schedule

All third party and pre-existing FST Software and all hardware for Milestone One shall be paid and immediately due upon contract signing with all other third party software, pre-existing Software and all hardware for each Milestone to be fully paid for prior to commencing any work or services of any sort for that particular Milestone.

The amount of \$_____ representing an estimate of the costs (except for hardware and software) for Milestone 1 and shall be due and payable on contract signing and such amount ("Prepay Amount") shall be considered a pre-payment of consulting and development services to be billed under this SOW. FST will invoice for all services on a bi-weekly basis with such invoices payable on net 60 terms and with the Prepay Amount to be credited against any such invoiced amounts. FST may suspend any work being done under this SOW at anytime so long as any amounts due or invoiced amounts for services, software or hardware are more than ten (10) days past due. **Scott: These paragraphs need to be reworked to support the "no billing until funded" metaphor.**

Definitions

"Agreement" means the base agreement and any relevant Statements of Work ("**SOW**"), Work Authorizations ("**WA**"), Participation Attachments ("**PA**"), and other attachments or appendices specifically referenced in this Agreement.

"FST" means either FST or one of its Affiliates.

"FST Personnel" means agents, employees, contractors or remarketers engaged by FST.

"FST" means FST' FST as identified in a Statement of Work.

"Deliverable" means any item that FST prepares for or provides to FST as described in a SOW. Deliverables include Products, custom developed software and pre-existing FST and third party software.

"Equipment" means a machine, its features, elements, cables, or accessories, including the documentation required to install, support, use, and maintain it.

"Externals" means any pictorial, m graphic or audiovisual works generated by execution of code and any programming interfaces, languages or protocols implemented in code to enable interaction with other computer programs or end users. Externals do not include the code that implements them.

"**Participation Attachment**" or "**PA**" means an attachment to this Agreement which evidences the signing Affiliate's intent to conduct transactions, if any, in accordance with this Agreement.

"**Products**" means Equipment or pre-existing FST or third party software.

"**Services**" means the services identified in the relevant Statement of Work.

"**Statement of Work**" or "**SOW**" means any document attached to or included in this Agreement which describes the Deliverables and Services, including any requirements, specifications or schedules.

"**Work Authorization**" or "**WA**" means a purchase order or other FST designated document, in either electronic or hard copy form, issued by FST' procurement personnel, and is the only authorization for FST to perform any work under this Agreement. A SOW is a WA only if designated as such in writing by FST.

FST Price Proposal: (Once we agree on hardware and software, we can complete this section) USE PCs at first.

This offer is confidential and exclusive to FST and is not valid with any other promotions.

Any amounts below for application development, training and project management and maintenance including any sub totals represent estimates of the costs involved and are in no way representations, limits or commitments of costs for any Milestones or representations that any application development, training and project management and maintenance will be conducted on a fixed price or fixed cost basis.

<u>Description</u>	<u>Qty/Hrs</u>	<u>Extended Price</u>
Software*		
* Software Subscription for one year is included unless specified.		
1. Net.Commerce Pro for Aix RS 6000	1	
Sub Total Milestone 1:		
Additional Server License (1) Phase 2		
2. DB2 Digital Library V2.4 Program Package Phase 2	1	
Image Search		
Object		
Program Pack		
Developers Kit		
Text Search Engine		
10 User License		
Note: Subscription not offered on this product.		
Sub Total Milestone 2:		
3. WebSphere Application Server Enterprise Edition Phase 3	2	
4. WebSphere Performance Pack	2	
5. WebSphere Development Studio	5	
Note: Subscription not offered on this product.		
6. FST Authoring Server Suite for WebSphere 10 Concurrent 10 Client		
7. FST TeamFusion client components for WebSphere	10	
8. FST Websphere Application Servlets	1	
9. IBM DB2, User License for 2 Phase 3	1	
Sub Total Milestone 3:		
Hardware		
1. H70 AIX RS 6000 Phase 1	1	
Purchase includes standard IBM out of the box warranty, 8x5, 1 year.		

Sub Total Milestone 1:

- | | |
|---|---|
| 2. H70 AIX RS 6000 Phase 2 | 1 |
| Purchase includes standard IBM out of the box warranty, 8x5, 1 year | |

Sub Total Milestone 2:

Total Hardware and Software Cost:

Application Development

- | | |
|---|-----|
| 1. Installation and configuration of Net.Commerce 3.0 Pro, FST Authoring Server Suite for WebSphere on an H70 RS/6000, scheduled for Milestone 1 | 40 |
| 2. Archetype User Experience scheduled for Milestone 1 | 16 |
| 3. User Interface and Design scheduled for Milestone 1 | 24 |
| 4. Store Front Creation scheduled for Milestone 1 | 56 |
| 5. Creation of product categories and templates scheduled for Milestone 1 | 40 |
| 6. Data preparation and staging scheduled for Milestone 1 | 80 |
| 7. Data import into Db2 scheduled for Milestone 1 | 16 |
| 8. Site testing and review scheduled for Milestone 1 | 24 |
| 9. Product Advisor-build shopping metaphors scheduled for Milestone 1 | 40 |
| 10. Payment configuration scheduled for Milestone 1 | 8 |
| 11. Load existing user profiles captured from FST's existing web site into user groups in the Net.Commerce store and database scheduled for Milestone 1 | 40 |
| 12. Link application into existing web site scheduled for Milestone 1 | 8 |
| Sub Total Milestone 1: | |
| 13. Build CGI program to link to download media scheduled for Milestone 2 | 56 |
| 14. Test auto download scheduled for Milestone 2 | 16 |
| 15. Install and configure DB2 Digital Library on a second H70 RS6000, scheduled for Milestone 2 | 40 |
| 16. Build program to link dynamically to IBM's Digital Library scheduled for Milestone 2 | 555 |
| 17. Build Meta Data and pointers in IBM's Digital Library scheduled for Milestone 2 | |
| 18. Connect Digital Library to one of FST's File Servers scheduled for Milestone 2 | |

Sub Total Milestone 2:

- | | |
|---|----|
| 19. WebSphere session integration scheduled for Milestone 3 | 80 |
|---|----|

Sub Total Milestone 3:

Total Application Development Costs:

Training

- | | |
|---|----|
| 1. One week of knowledge transfer scheduled to occur during Milestone 2 | 40 |
|---|----|

Sub Total Milestone 2:**Project Management and Maintenance**

- | | | |
|--|-------------------------------|----------|
| 1. Project Management | Sub Total Milestone 1: | 392/98 |
| 2. Project Management | Sub Total Milestone 2: | 667/166. |
| | | 75 |
| 3. Project Management | Sub Total Milestone 3: | 80/20 |
| 4. Test and review – Allocated to each Milestone equally | | 170.1 |
| 5. Variance – Allocated to each Milestone equally | | 71.8 |

Sub Total Milestone Allocations:

Total Project Training & Mngt Cost:

Software and Hardware Annual Technical Support

- | | |
|---|---|
| 1. Net.Commerce Pro for Aix RS 6000 8x5
Line Support – IBM Technical Support specialist answer operational and usage questions on IBM systems and current releases of eligible software. | 1 |
| 2. DB2 Digital Library 8x5
Line Support – IBM Technical Support specialist answer operational and usage questions on IBM systems and current releases of eligible software. | 1 |
| 3. FST Dedicated 24x7 Software Support Rep | 1 |
| 4. Technical Support for the FST Development Applications, if requested by FST, will be provided as Time and Materials. | |

Software Subscription, and Support:

Total Project Cost:

Acceptance of Agreement:

We accept the terms and conditions contained as defined herein.

FST, Inc.

FST

Signature:

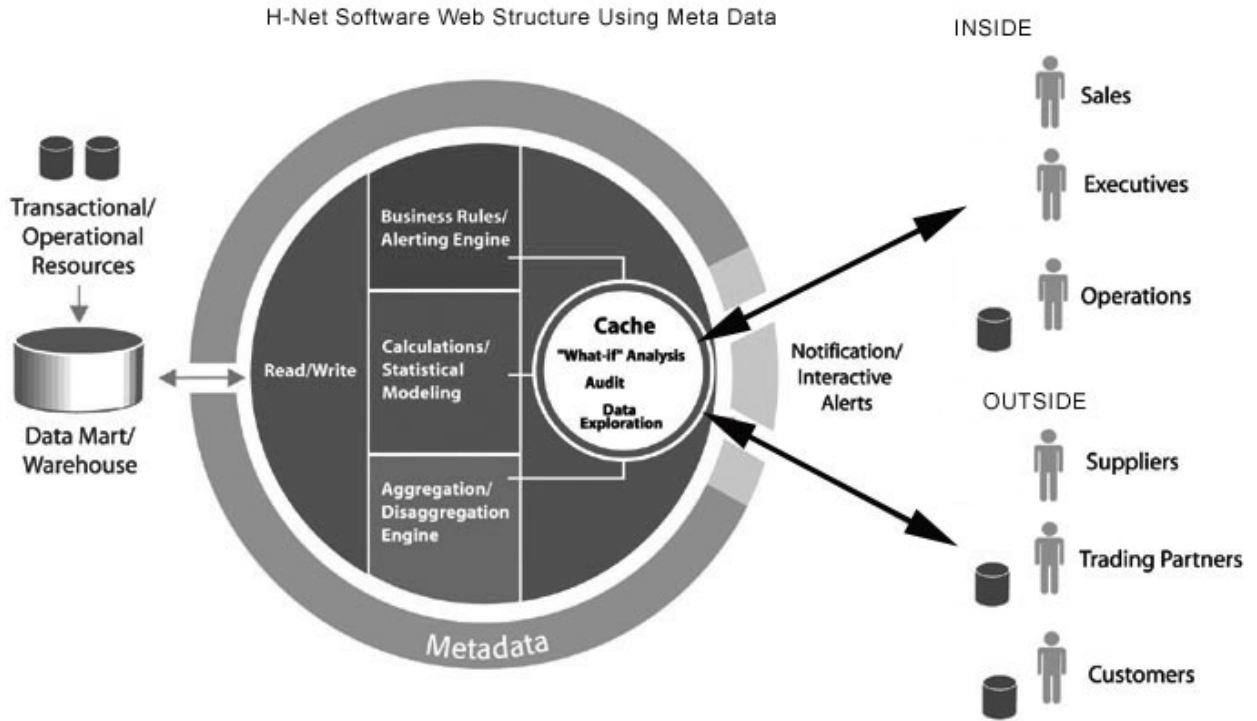
Printed Name: Scott Redmond

Title:

P.O. Number:

Appendix A:

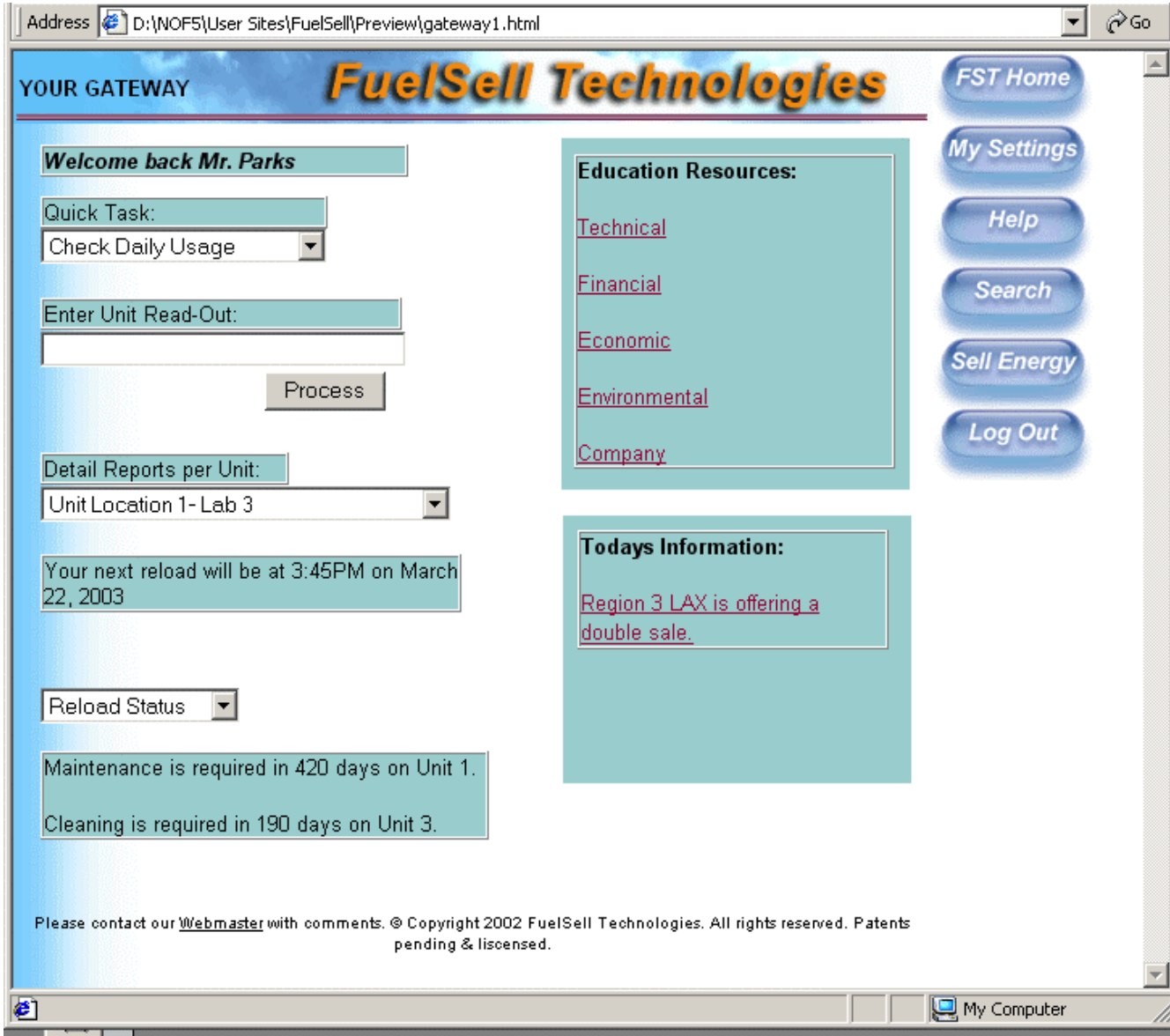
Conceptual idea for discussion

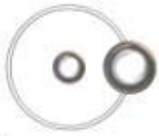


Current system online to made fully functional by developer

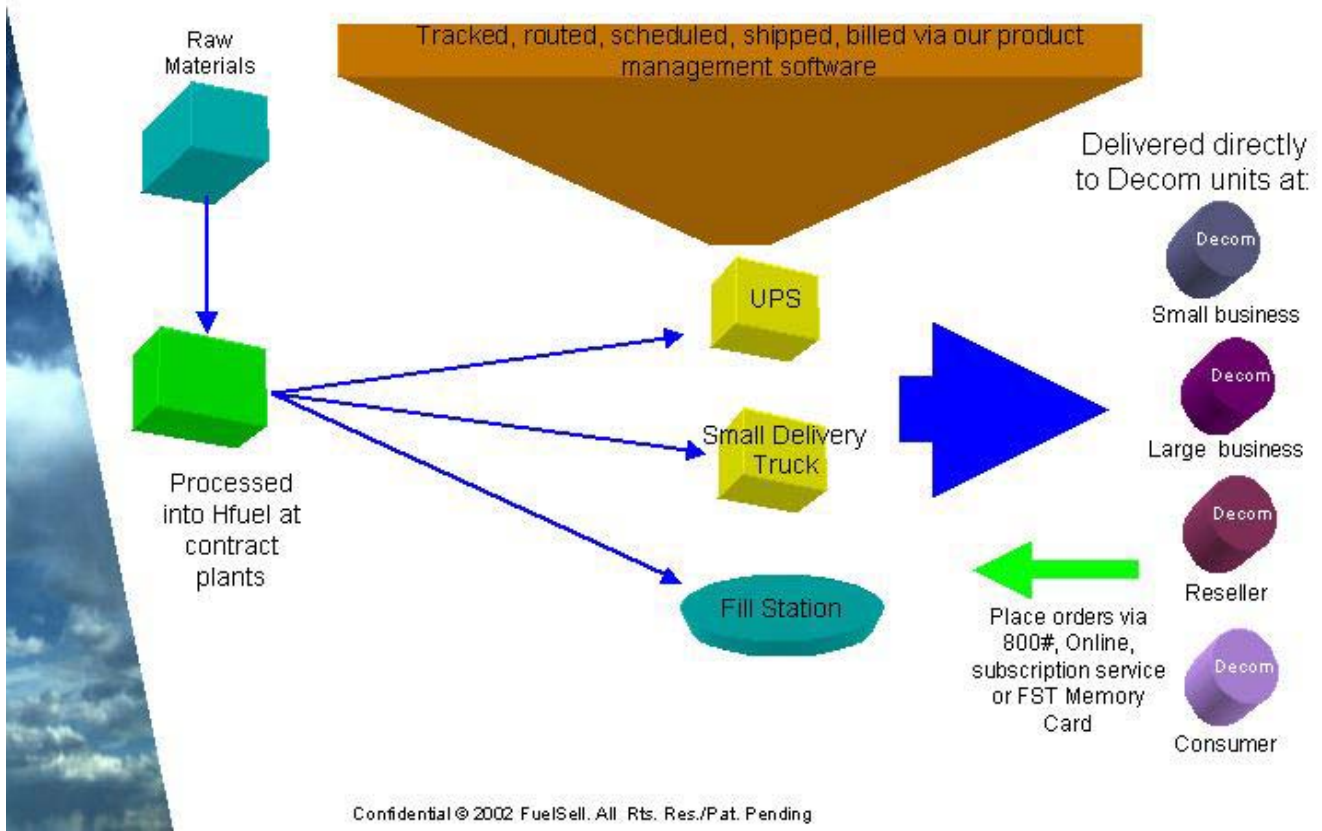


Current system online to made fully functional by developer

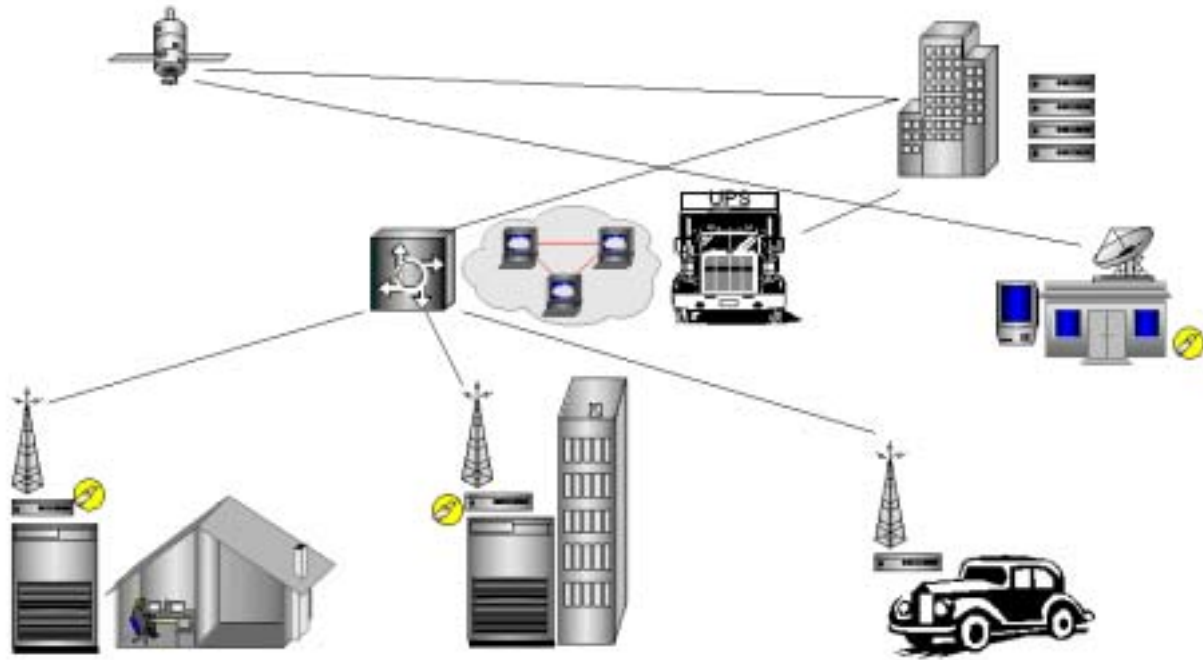




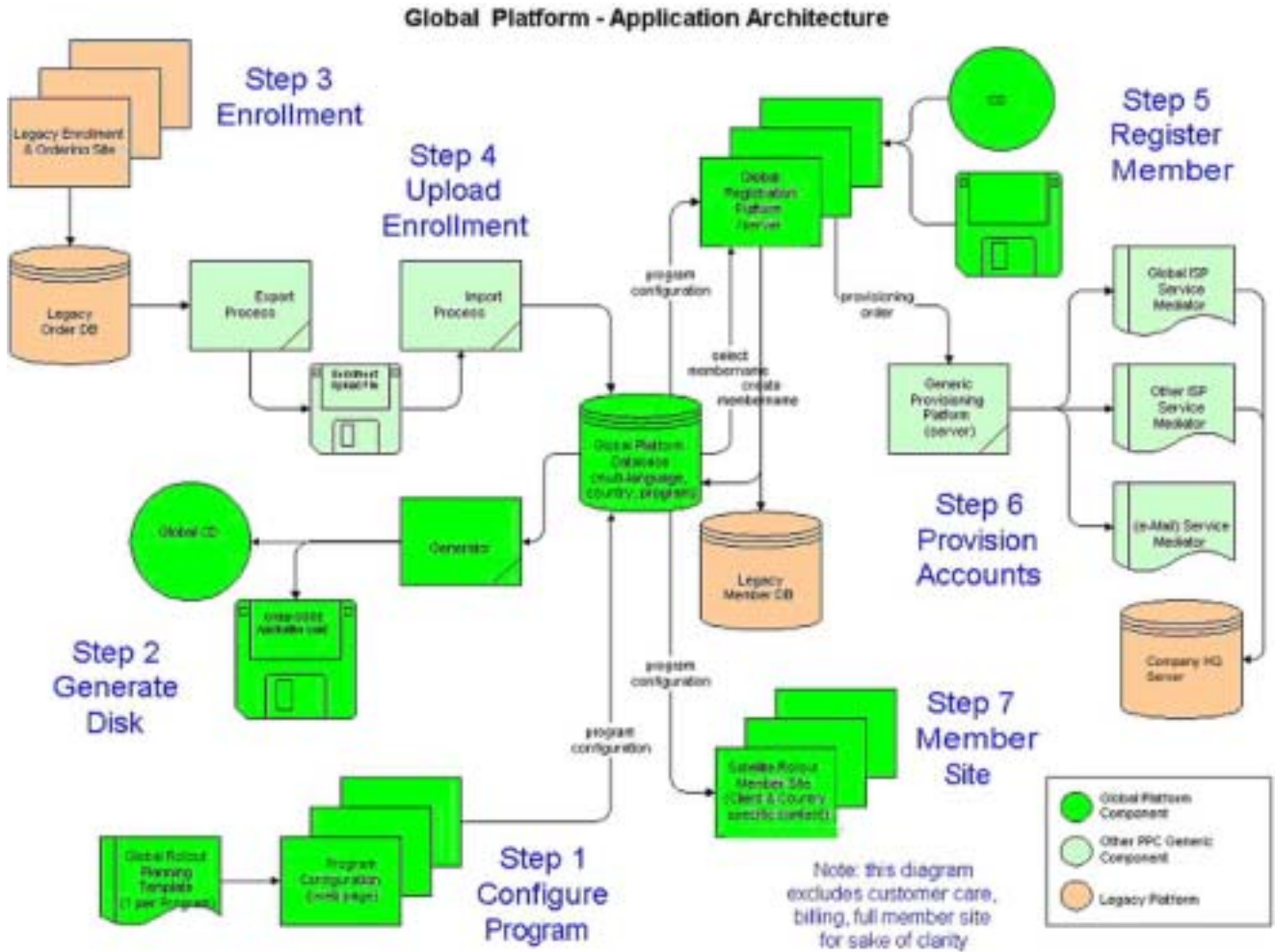
Our FST network



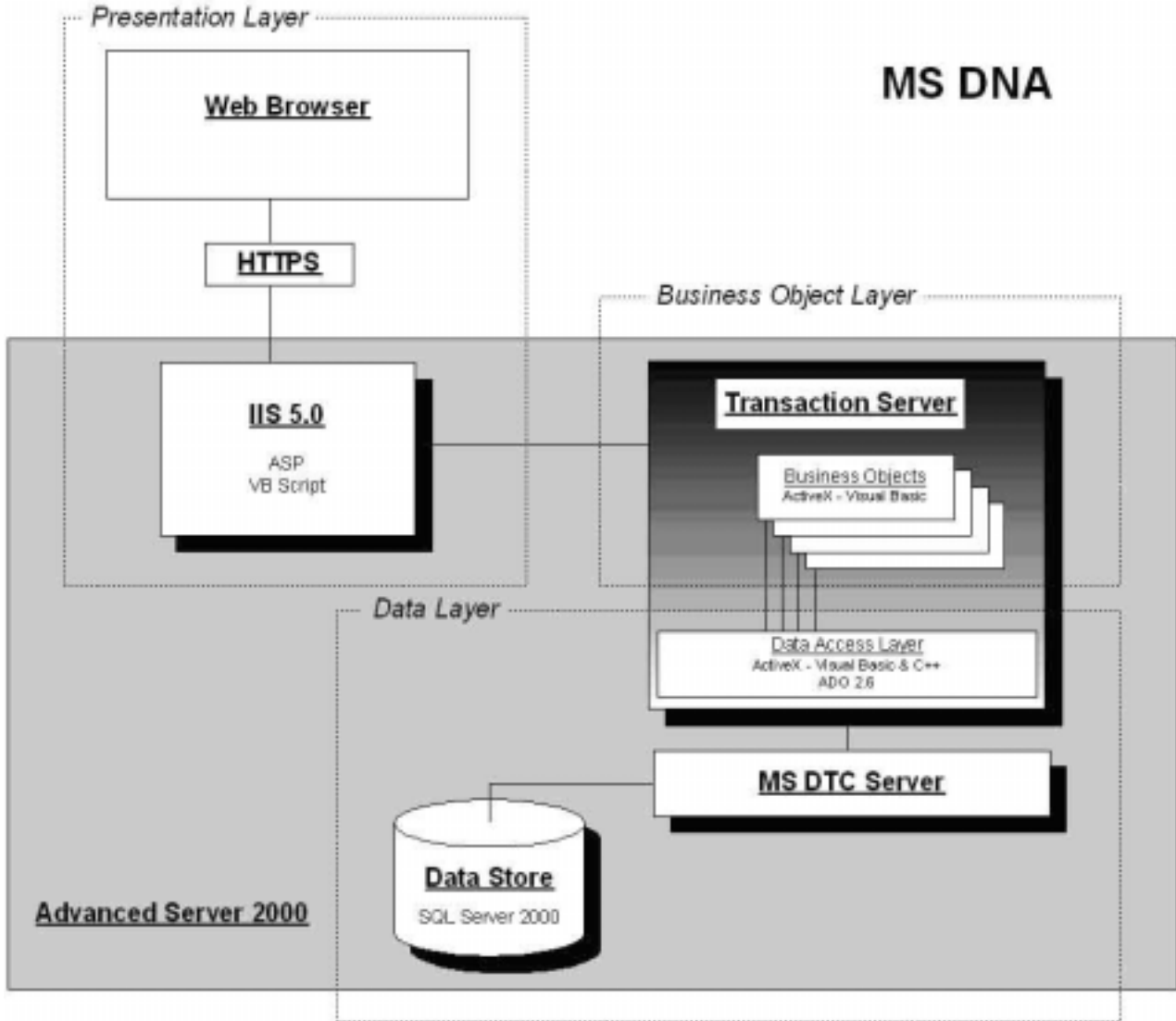
FuelSell Technologies
FST Memory & Telemetry card
communication & operations diagram



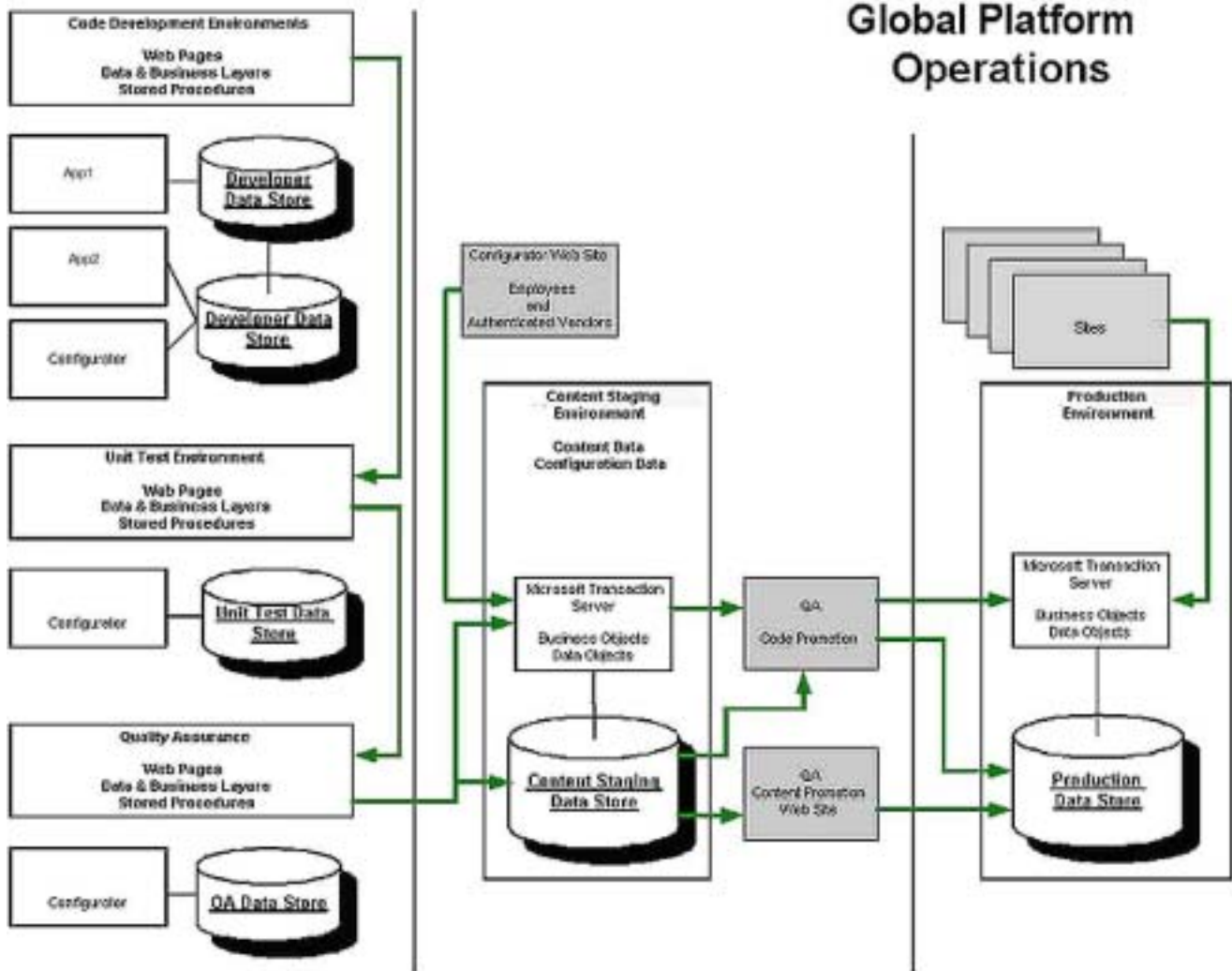
Conceptual idea for discussion



Conceptual idea for discussion



Conceptual idea for discussion



Phase 4 full system capability

