

BI-LATERAL CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT (this “Agreement”) is made and entered into this ____ day of _____, _____, by and between _____, a _____ corporation (“____”) and Pegasus Technologies, Inc., a Tennessee corporation (Pegasus).

WITNESSETH:

WHEREAS, the parties are considering a potential business transaction (the “Proposed Transaction”); and

WHEREAS, as a condition to each party furnishing the other party with information in connection with its evaluation of the Proposed Transaction, each party is requiring the other party to treat confidentially any Confidential Information (as defined below) that it or its directors, officers, employees, agents or advisors (collectively, a “Disclosing Party”) furnishes to the other party or its directors, officers, employees, agents or advisors (collectively, the “Receiving Party”); and

WHEREAS, each party desires to ensure that the Confidential Information (as defined below) so disclosed will not be used for any purpose other than an evaluation of the Proposed Transaction and, if appropriate, the negotiation of mutually acceptable definitive agreements.

NOW THEREFORE, in consideration of the foregoing and the mutual agreements and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Confidential Information. For purposes of this Agreement, the term “Confidential Information” shall mean, with respect to the Disclosing Party, any “Trade Secret” (as defined under applicable law) or any information which:
 - (a) Is not generally available to the public; and
 - (b) Pertains or relates in any way to the Disclosing Party or its businesses, activities, products or services including, without limitation, exhibitor and attendee lists, vendor lists, customer lists, marketing plans and materials, price lists and related analyses, strategic partner activities, market analyses, financial information, business plans, employee compensation information, organizational structure, reports, strategic plans, e-commerce activities, intellectual property rights, systems, programs, techniques, know-how, software, works of authorship, contracts and licenses, pricing methods or other similar information, as well as any copies, reproductions, summaries, extracts, analyses, studies or other derivative works prepared by the Receiving Party or
 - (c) Its representatives incorporating or developed from the Confidential Information so disclosed.

Notwithstanding the foregoing, if any Confidential Information pertaining to a Disclosing Party shall become generally available to the public other than as a result of a breach by the Receiving Party of its covenants hereunder, the same shall no longer be considered Confidential Information for purposes of this Agreement. In addition, the term Confidential Information shall not include information, technical data or know-how which (i) is in the public domain at the time of receipt, (ii) is in the possession of the Receiving Party at the time of disclosure, (iii) is expressly approved by the Disclosing Party, in writing, for release, (iv) comes into the possession of the Receiving Party from a third party that was not, to the Receiving Party's knowledge, subject to any confidentiality restriction, or (v) is independently developed by the Receiving Party without reference to the Confidential Information.

Written materials that are intended to fall under the protection of this Agreement will be clearly marked "Confidential," "Proprietary" or similar marking. When verbal discussions between the Parties include Confidential Information, that fact shall be announced in the discussion, and then within ten days summarized in writing by the Disclosing Party, marked appropriately as above, and presented to the Receiving Party. During that delay, Confidential Information disclosed verbally will be treated exactly as if it had been disclosed in writing.

Each Disclosing Party owns all rights with respect to its Confidential Information disclosed to the Receiving Party, and no right, express or implied, is conveyed to the receiving Party by the disclosure of the Confidential Information that is made by the Disclosing Party to the Receiving Party

2. Prohibition Against Disclosure or Use. The parties shall use the Confidential Information only for the purpose of evaluating the Proposed Transaction and, if appropriate, the negotiation of mutually acceptable definitive agreement and the performance of work under those agreements. Except as otherwise provided herein, neither party shall disclose to any third party any Confidential Information concerning a Disclosing Party or appropriate any such Confidential Information for its use or benefit or for the use or benefit of any third party. Each Receiving Party agrees that it shall not disclose to any person or entity, other than the Receiving Party's agents, representatives or corporate officers that have a need to know, any such Confidential Information without the prior written consent of the Disclosing Party.
3. Return of Confidential Information. Immediately upon demand by the Disclosing Party, the Receiving Party shall deliver to the Disclosing Party all of its Confidential Information and copies thereof which is then in the possession of the Receiving Party. At the request of the Disclosing Party, the Receiving Party shall certify in writing that it has destroyed or turned over to the Disclosing Party all documents containing such Confidential Information.
4. Required Disclosure. If the Receiving Party becomes legally compelled to disclose any Confidential Information, it shall immediately notify the Disclosing Party so that the Disclosing Party may, at its option, seek a protective order or other appropriate remedy

or waive compliance with the provisions of this Agreement. Notwithstanding any other term or provision of this Agreement, the parties hereto agree that it shall be permissible for either party to make disclosures regarding this Agreement or the Proposed Transaction that are necessary or appropriate to fulfill its obligations under any applicable federal or state securities law.

5. Governing Law. This Agreement shall be interpreted, construed, and governed according to the laws of the State of Tennessee.
6. Term of Agreement. This Agreement may not be changed except by a writing signed jointly by the parties. This Agreement shall be effective as of the date set forth above and the obligations of confidentiality and nonuse shall continue for a period of three (3) years thereafter such date, except with respect to Trade Secrets, if any, as to which the obligations shall continue perpetually.

IN WITNESS WHEREOF the parties hereto have executed this Agreement:

COMPANY

CONSULTANT

Name
Title

James W. Pearce
President, Pegasus Technologies, Inc.