



GLOBAL LOYALTY X-CHANGE

**MUTUAL NON-DISCLOSURE
AND
NON-CIRCUMVENT AGREEMENT**

THIS MUTUAL NON-DISCLOSURE AND NON-CIRCUMVENTION AGREEMENT entered into as of this ___ day of August, 2006 (the "Agreement"), is made by and between Global Loyalty X-Change, Inc., (GLX) a California Corporation, and

RECITALS

WHEREAS, GLX is engaged in the business of providing card based or otherwise consumer and merchant loyalty programs, in some cases under private branding. Transactions are triggered by a magnetically encoded or chip-based credit, debit, gift, stored value or private label membership card to permit the real-time interaction of transactions between a Cardholder or Program Beneficiary and a participating Merchant. ("**Programs**"); and

WHEREAS, GLX and its partners and contractor's are in final development of a global processing platform, hereinafter referred to as the ("**GeN "X-2" Platform**"). The GeN "X-2" Platform includes Peripheral Applications and Derivative Products as defined in the Definition of Terms section of this Agreement. The Platform operates in a variety of databases environments. GLX has developed proprietary software interfaces and Trigger Modules that support multiple message formats and transaction devices. The Platform's was designed to offer small, mid-size, national and international merchants turnkey value-added applications and one to one CRM Programs; and

WHEREAS, GLX currently maintains a worldwide license to deploy the "GeN "X-1" Platform. The GeN "X-1" Platform has most of the same feature functionality and applications as the GeN "X-2" Platform although does not have the transaction capacity or TPS that will be contained in the GeN "X-2" Platform.

WHEREAS GLX Platform enables its clients and Merchants to design and develop dynamic interactive and highly flexible loyalty, stored value and gift card Programs to keep the best customers of such clients and merchants more loyal; and

WHEREAS GLX has developed software applications to implement Programs such as Coalition, Closed Loop, Gift Card, Stored Value, Marketing Partner and Cross Sell Programs, (as hereinafter defined); and

WHEREAS, the parties hereto possess certain confidential and proprietary information; and

WHEREAS, in connection with the desire of the parties to explore the possibility of entering into a prospective business transaction (the "Potential Transaction), each party (each a "Disclosing Party") is furnishing certain information to the other party (each a "Recipient") which is non-public, confidential and/or proprietary in nature. Each party confirms its desire to examine the others confidential and

proprietary information for the purpose of evaluating the Potential Transaction (the "Evaluation") and, in consideration of being furnished with such information, agrees that:

AGREEMENT

1. Non-Disclosure and Restrictions on Use of Information/Non-Circumvention.

(a) **Information.** For purposes of this Agreement, "Information" shall mean, without limitation, all strategic information, financial statements or projections, business plans, data, business records, customers lists, supplier agreements, partnership or joint venture agreements, license agreements, marketing plans, employee lists, policies and procedures, information relating to processes, technologies or theory and any or all other information which may be disclosed by the Disclosing Party to the Recipient in accordance with this Agreement.

(b) **Non-Disclosure of Information.** The Recipient acknowledges the competitive value and confidential nature of the Information and the damages that would result to the Disclosing Party if any such information were disclosed; therefore, expressly permitted herein, the Information will be kept confidential and shall not be disclosed by the Recipient in any manner whatsoever, in whole or in part, notwithstanding the foregoing:

(i) the Recipient may disclose the Information to its directors, officers, employees, agents, and legal and financial advisers (collectively, its "Agents") solely for the purposes of the Evaluation; provided the Recipient shall transmit the Information only to Agents who need to know the Information in connection with the Evaluation; and provided, further, Recipient shall notify each of the Agents that the Information is to be held by them in confidence and not disclosed to others, or permit others to use for their benefit or to the detriment of the Disclosing Party, any of the Information and upon request of the Disclosing Party, to provide the Disclosing Party with an executed agreement satisfactory to the Disclosing Party, which evidences any such Agent's agreement to be bound by the terms and conditions of the Agreement; and

(ii) the Recipient shall have no non-disclosure obligation hereunder with respect to any Information which (A) has been legally made public, other than by acts of the Recipient or its Agents in violation of this Agreement or (B) was or becomes independently known or available to the Recipient, on a non-confidential basis, from a source other than the Disclosing Party and which is not subject to any restrictions or disclosure.

Recipient shall use the same degree of care to avoid disclosure of the Information as it employs with respect to its own information which it does not desire to disclose, but at all times shall use at least reasonable care.

(c) **Restrictions on Use/Non-Circumvention.** Recipient shall not use the Information, directly or indirectly, for any purpose other than Recipient's Evaluation of a Potential Transaction, and such permitted use shall absolutely cease if and when the Disclosing Party has notified the Recipient that it no longer considers the Recipient a candidate for a Potential Transaction. Without limiting the generality of the foregoing: (i) except as provided in paragraph 2, the Recipient shall not use the Information in any judicial or administrative proceeding, and (ii) the Recipient shall not use any of the Information to manufacture, distribute, deliver, use or sell products or services embodying any such information, or otherwise compete with, circumvent, or act to the detriment of the Disclosing Party.

(d) **Loss or Misuse of the Information.** The Recipient shall keep a record of the location of the Information and shall notify the Disclosing Party promptly of any loss, misuse or misappropriation of the Information. The Recipient hereby agrees to indemnify Disclosing Party against

all losses, damages, claims or expenses (including attorney's fees) incurred or suffered by Disclosing Party as a result of Recipient's breach of this Agreement.

(e) **Title to and Return of the Information.** Recipient agrees that no license, either expressed or implied, is hereby created or granted to Recipient by Disclosing Party to use any of the Information other than solely for the purpose of the Evaluation of the Potential Transaction. Title to the Information shall remain in the Disclosing Party, and in the event a Potential Transaction is not consummated, the Information (and all copies, summaries, and notes of the contents thereof) shall be returned to the Disclosing Party by the Recipient in accordance with the Disclosing Party's instructions.

2. Response to Legal Process. In the event that the Recipient (or anyone to whom it transmits the Information whether or not in compliance with this Agreement) is requested, pursuant to subpoena or other legal process, to disclose any of the Information, the Recipient shall provide the Disclosing Party with immediate notice so that the Disclosing Party may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. In the event that such protective order or other remedy is not obtained, or that the Disclosing Party waives compliance with the provisions of this Agreement, the Recipient (or such other person) shall furnish only that portion of the Information which is legally required and shall exercise its best efforts to obtain a protective order or other assurance satisfactory in form and substance to the Disclosing Party that confidential treatment will be accorded the Information in accordance with this Agreement.

3. Disclaimer of Accuracy of Information. Although the Disclosing Party has endeavored to include in the Information such information known to it which it believes to be relevant for the purpose of the Evaluation, the Recipient understands that neither the Disclosing Party nor any of its representatives or advisors has made or herein makes any representation or warranty as to the accuracy or completeness of the Information.

4. Remedies. The parties agree that the disclosure of the Information by the Recipient in violation of this Agreement may cause irreparable harm, the amount of which would be impossible to ascertain, and that there is no adequate remedy at law for any breach by Recipient of this Agreement. Therefore, in addition to any other rights and remedies it may have, Disclosing Party shall be entitled to a court or competent jurisdiction for an order restraining any such disclosure or such other breach and for such other relief as the Disclosing Party shall deem appropriate. Such remedy shall be in addition to any other remedies otherwise available to the Disclosing Party at law or in equity.

5. Assignment. Recipient shall not have the right to assign its rights under this Agreement, expressly or by operation of law. This Agreement shall be binding upon and inure to the benefit of the permitted successors and assigns of the parties hereto.

6. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

7. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of the remainder of this Agreement or any other provision hereof.

8. Modification; Waiver. No oral modifications shall be effective, and no delay or failure on the part of either party to insist on compliance with any provision hereof shall constitute a waiver of such party's right to enforce such provision.

9. Integration. This Agreement may be executed in two (2) or more counterparts each of which shall be deemed an original, but all of such taken together shall constitute only one Agreement, superseding all prior understandings, oral or written; and it is expressly understood and that this Agreement does not obligate either party to enter into any other or further agreements.

10. Attorneys' Fees. In the event litigation shall be instituted to enforce any provision of this Agreement, the prevailing party in such litigation shall be entitled to recover reasonable attorneys' fees and expenses incurred in such litigation in addition to any other recovery to which such party may be legally entitled.

IN WITNESS WHEREOF, the parties jointly and severally have executed this agreement as of the date first above written.

GLOBAL LOYALTY X-CHANGE INC
11 Sandpiper Ct. Suite 222,
San Rafael, CA 94903

By: _____
Name: Richard Trieber _____
Title: Founder/President _____

COMPANY: _____
Address: _____

By: _____
Name: _____
Title: _____