

PENINGO SYSTEMS INC.

SUBCONTRACT SERVICE AGREEMENT

This agreement is made and entered into this Date by and <Name of Corporation> with its principal place of business located at Corporation Address, (hereinafter referred to as “Subcontractor”), and Peningo Systems Inc, a New York corporation, with its principal place of business located at 264 Forest Ave. Rye, New York 10580 (hereinafter referred to as “Contractor”). It is required <Name of Corporation>, with its principal place of business located at Address of Corporation is registered to do business in the State of Assignment prior to the start of the assignment.

Whereas, Contractor wishes to subcontract with Subcontractor to provide temporary help services to XYZ Corporation (hereinafter referred to as “Customer”).

Now, Therefore, Subcontractor and Contractor, in consideration of the mutual promises herein and other good and valuable consideration, agree as follows:

1. Job Description and Compensation

Subcontractor agrees to assign its employee <Name of Consultant> authorized to work in the USA as a US Citizen, to Customer in order to perform the work as defined by Customer. Subcontractor acknowledges that the bill rates related to the services of its employee <Name of Consultant> is \$xx.xx per hour all inclusive. Subcontractor will invoice bi-weekly and such invoices are payable within 10 days of presentation conditioned to hours approved by the Client as per E-Business Time Voucher Agreement. The work will be performed on the XYZ’ Customer site.

2. Services

Subcontractor agrees as the employer of <Name of Consultant> to (i) maintain all necessary personnel and payroll records for its employees assigned to Customer, (ii) compute their wages and withhold applicable Federal, State, and local taxes and Federal Social Security payments; (iii) remit employee withholdings to the proper governmental authorities and make employer contributions for Federal FICA and Federal and State unemployment insurance payments; (iv) pay net wages and fringe benefits, if any, directly to its employee; (v) provide for liability, fidelity, and Workers’ Compensation insurance coverage in the amounts as hereinafter set forth, and (vi) at the request of Contractor or Customer for any valid legal reason, remove any of its employees assigned to Customer, provided, that this arrangement shall in no way affect the right of Subcontractor, in its sole discretion as employer, to hire, assign, reassign, and/or terminate its own employees.

3. Timekeeping

Peningo Systems Inc.. will provide an E-business Time Voucher which is to be completed on a bi-weekly basis by Subcontractor’s employees on assignment and send attached to an e-mail addressed to Time Voucher@peningo.com stating in the body of the e-mail the period and hours worked. The Peningo System Inc. Client (Customer) individual responsible for approving the hours reported will be copied in the e-mail above referred.

Subcontractor agree to instruct their employees on assignment to include in the Electronic Time Voucher only hours that were necessary and required to accomplish the project activities. Subcontractor further agrees to have each Subcontractor’s employee on assignment sign a Peningo Systems Inc. **E-Business Time Voucher Agreement (Exhibit A)**. **This Agreement will be also signed by a Principal of the Subcontractor.**

4. Workers' Compensation and Liability Insurance

- (a) Subcontractor has procured, and will maintain in effect throughout the life of this Agreement, Workers' Compensation Insurance and Liability Insurance as set forth by law.

5. Legal Compliance and Indemnity

In its performance of this Agreement, Subcontractor will comply with all applicable laws, and will indemnify and hold Contractor harmless from and against any claims, demands, suits, losses, damages, costs, and expenses arising out of any non-compliance violation or alleged non-compliance violation by Subcontractor of any such laws. In addition Subcontractor will indemnify, defend, and hold Contractor and Customer harmless from and against any and all liabilities, claims, demands, suits, losses, damages, costs, and expenses for bodily injury to or Death of any person, or damage to or destruction of any property, caused or allegedly caused directly or indirectly, in whole or in part, by any act or omission on the part of Subcontractor, its officers, or employees.

Subcontractor will indemnify and hold Contractor harmless from and against any claims, demands, suits, losses, damages, costs expenses, or liabilities of whatever nature which are based on or arise from the non-performance, or substandard performance of any of the obligations of Subcontractor assumed hereunder.

6. Force Majeure

Neither Contractor nor Subcontractor shall be responsible for failure or delay in assigning its employees to Customer if such failure or delay is due to labor disputes and strikes, fire, riots, war, acts of God, and any other causes beyond their control.

7. Confidentiality, Software Rights and On Premises Guidelines

Subcontractor will have its employees on assignment sign

**PENINGO'S CLIENTS RIGHTS IN INFORMATION AND WORKS CREATED BY
PENINGO'S EMPLOYEES OR PENINGO'S SUBCONTRACTORS EMPLOYEES.**

Exhibit B

**Peningo's Employees and/or Peningo's Subcontractors Employees Agreement
to On Premises Guidelines Exhibit C.**

8. Assignment

Subcontractor may not assign this Agreement, in whole or in part, without the prior written consent of Contractor. This Agreement shall be binding upon the parties hereto, their successors, heirs and assigns, as permitted.

9. The term of this Agreement shall correspond to the same term as set forth in any contract awarded

by Customer and can be cancelled by Subcontractor only in accordance with the terms of said Contract. Contractor reserves the right to terminate this Agreement upon not less than ten days prior notice at any time for any reason during the term of this Agreement.

- 10 This document shall be the entire understanding and agreement between the parties with respect to the subject matter set forth herein, and all prior agreements, understandings, covenants, promises, Warranties and representation, oral or written express or implied, not incorporated herein, are superseded hereby. This Agreement may not be amended, modified, altered, supplemented, or changed in any way except in writing, signed by the parties and attached hereto as an amendment.

In Witness whereof, the parties hereto have caused this Agreement to be executed by their respective duly authorized signing officers as of the day and year shown above.

CONTRACTOR: Peningo Systems Inc..

Signature: _____

Name: ___ Edward Pellon _____

Title: ___ Vice President _____

Date: _____

SUBCONTRACTOR: <Corporate Name>

Signature: _____

Name: _____

Title: _____

Date: _____