April 10th, 2006

Thanks for considering Peer 1 Network for your co-location and bandwidth requirements. We have had a great year so far. We have completely sold-out our first facility in New York and we have recently moved into our new facility. We introduced our Content Delivery Service, RED (Rapid Edge Delivery) and acquired two well-known dedicated server companies, Server Beach and Interland Dedicated Hosting.

Following is an introduction and overview to Peer 1 Network and its services. I look forward to the opportunity to provide your company with Co-location and IP Transit. And your company is specifically the type of company we want in our Datacenter. This proposal includes pricing for our New York facility.

Let's discuss the specifics once you've had a chance to review.

Sincerely,

Woody Ferrell
Account Manager
Peer 1 Network Inc.
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1. Introduction to Peer 1 Network

Peer 1 Network Inc. is a leading North American provider of high performance Internet bandwidth and server co-location facilities. Operating via private peering connections and public Network Access Points (NAPs), our expansive redundant network is designed to offer a forward-thinking alternative to the existing network options. Peer 1 utilizes multiple major upstream providers and more than 450 peering partners to ensure continuous Internet connectivity, greater route diversity, and ultimately enhanced Internet performance.

Peer 1 Network's flagship products are its network and co-location facilities delivered to customers in eight major cities across the United States and Canada that are connected by way of a dedicated clear channel network. The company utilizes three major upstream Internet networks and over 450 peering partners ensuring continuous Internet connectivity. This strategic combination allows customers' traffic to be routed over the highest performing connections. Redundancy inherent in the network virtually guarantees 100 percent availability of access to Peer 1 Network customers. The network is presently serving over 600 customers on FastE or higher connections and has organic growth of 10% to 15% per month.

Peer 1's network is operated from a network control centre (NOC). The center is staffed 24 hours per day 7 days per week. Customer connections are monitored on a continuous basis and all levels of technical staff are available 24/7 to respond to network or customer incidences.

Peer 1 Network was founded in August of 1999. It is a Canadian Company, Eastern Headquarters in Toronto, Ontario, Corporate Headquarters in Vancouver, British Columbia. It was founded by Mr. Mark Teolis, Peer 1's Chief Technology Officer and a group of Canadian investors as a high performance Internet access service with server co-location facilities. It is presently located in eight cities; Vancouver, Toronto, Montreal, Chicago, New York, Seattle, Ashburn and San Jose. In April 2003 the company went cash-flow positive and at an average revenue growth rate of 8% per month reached profitability in October 2003. Peer 1 Network trades on the TSX under PIX (Peer 1 Internet Exchange).

The efficiency of Peer1's network architecture and constantly increasing buying power has combined to permit Peer 1 to offer very aggressive pricing to its clients. Peer 1 Network has proven to have found the winning combination of providing a superior service, a forward thinking focus and a highly skilled and motivated team. These strengths will continue to allow Peer 1 to grow and maintain the integrity of the service.

Peer 1 Network is the choice bandwidth and co-location provider.

2. Colocation Facilities

Peer 1 Network has Data Facilities in:

Canada:
- Toronto (x2)
- Montreal
- Vancouver (x3)

USA:
- New York (x2)
- Seattle
- San Jose

Europe:

- London

Peer 1 Network Data Centre Specs

75 Broad Street, New York , NY 2nd Floor

- HVAC System: 4 x 24 ton HVAC cooling for a total of 104 tons. System is powered by UPS and back-up diesel generator

- Fire Suppression: Pre-Action

- 1500KVA Diesel generator emergency power and UPS

- 24x7 unescorted access

- Security on Door System and 24/7 security in building

- photo access card for elevators and Data Center

- secure locked cage space

3. The Network

Network Infrastructure

Peer 1's world-class network is designed to support and enhance mission-critical applications. We provide the fastest, most direct network connections through an internal network that is connected directly to the major Internet backbones.

Peer 1 has a clear channel Canadian backbone with cross border facilities between Vancouver and Seattle, Toronto and Chicago, Toronto and New York and Montreal and New York. All links are either Gig-E or OC-48. The backbone network is designed in such a way that if one link goes down, traffic is automatically routed on an alternate link. The network is 100% Cisco powered with BGP4 and Hot Standby Router Protocol (HSRP) used throughout the network to ensure complete redundancy. Each POP has multiple exit points to the Internet. No single link failure or router failure will interrupt the Internet connection.

The network is architected into geographically distinct regions, meaning that if the backbone is down between two regions, such as New York and Montreal, customers are not affected. Peer 1's upstream transit providers and Peering partners are able to ensure connectivity for Peer 1 customers. Peer 1 is recognized for delivering 100% uptime to its clients.

We continually monitor Internet bandwidth usage, allowing us to scale in anticipation of your needs. When usage increases, more bandwidth is purchased ensuring there is always more than enough bandwidth available to prevent the possibility of a bottleneck and to ensure that your connection is always up and always fast.

Geographical Coverage
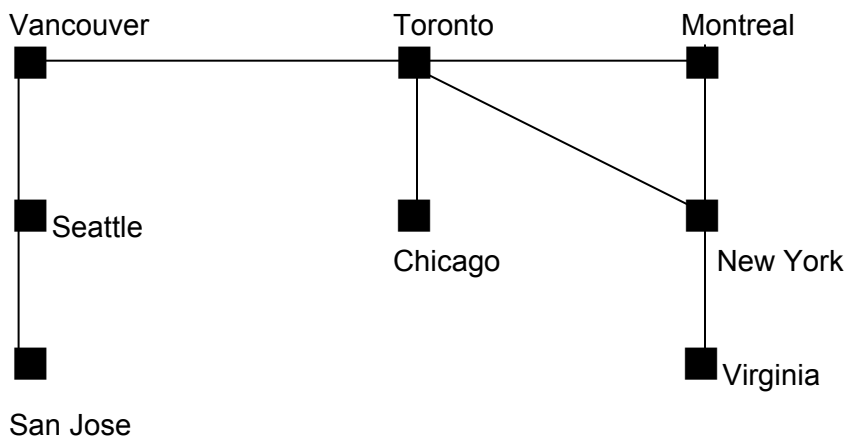
Peer 1 Network has points of presence in Vancouver, Toronto, Montreal, New York, Chicago, Seattle, Ashburn, San Jose, Los Angeles, and London.

All POPs are GigE enabled.

Peering

Peer 1 Network connects into the following public peering Internet Exchanges:

- ➤ Seattle Internet Exchange (SIX)
  http://wwww.seattleix.net

- ➤ New York Internet Exchange (NYIIX)
  http://www.nyiix.net

- ➤ British Columbia Internet Exchange (BCIX)
  http://www.bcix.net

- ➤ Toronto Internet Exchange (TORIX)
  http://www.torix.net

- ➤ Quebec Internet Exchange
  http://www.risq.qc.ca

- ➤ Equinix Chicago and Ashburn
  http://www.equinix.com

- ➤ Pacific Northwest GigaPoP
  http://www.pnw-gigapop.net

In each of these Internet exchanges there are multiple peering partners. Due to non-disclosure agreements Peer 1 cannot disclose information pertaining to individual AS numbers.

Peer 1 also has many private peers with connection types ranging from FastE to GigE. These private connections are also under NDA. Some of our private peers are with Canada's largest national networks.

In total, Peer 1 is directly peered with over 450 networks.

DOS Attacks

If a DOS attack is initiated on a customer, Peer 1 will begin procedures when:
a) the customer calls our NOC; or
b) a Network Engineer sees the attack when reviewing MRTG data; or
c) a threshold is tripped in Peer 1's monitoring stations.

A Peer 1 Technician will attempt to identify the type of attack (e.g. ICMP, UDP flood, single host, multiple host). Sometimes the assistance of the customer is required. Once the type of attack is determined, the Peer 1 Technician will setup access lists and if necessary a null route.

If needed, a Peer 1 Technician will work with the customer to come up with a set of community strings that the customer can send to initiate a blackhole of a netblock.

All clients have access to a Peer 1 Engineer in our NOC, 24/7 if assistance is needed.

Management and Upgrades of Backbone

Any maintenance that would impact customers is conducted in maintenance windows between 3am to 5am (EST) Monday mornings, to minimize impact on our customers. Average time of maintenance that may affect customers is 2 to 5 minutes and email notice to clients will be provided to provide notice of scheduled maintenance and whether the maintenance is service affecting.

In the Spring of 2003 Peer 1 upgraded all Eastern backbone links. To do this, the new backbone was put into place and tested. Once testing was complete, traffic was shifted from the old backbone to the new backbone during regular maintenance windows. Peer 1 successfully completed these major upgrades without any downtime to its clients.

Network Performance Analysis

In conjunction with MRTG data, Peer 1's network engineers also have a number of internal monitors that check latency to predefined benchmarks and alerts set up in the event a threshold is exceeded.

Our Engineers also work with customers who bring possible issues to their attention to see if routing can be improved. Re-routing of data transfer is done real-time.

Transit Providers

Peer 1 Network has multiple connections to three different carriers.
  ➢ AT&T
  ➢ Savvis
  ➢ MCI

4. Service Level Agreement

Peer 1 Network has implemented a high-availability Internet Transit network infrastructure, available within secure Co-location facilities. This has been accomplished by the following:

1)   All Customer connections make use of Cisco's HSRP (hot standby router protocol)
2)   Multiple upstream providers
3)   Fully redundant OC_n internal backbone network
4)   All network devices have onsite spares
5)   All key network components are monitored 24x7

Service Level Agreement Terms for Onsite Co-location Customers

Peer 1 will provide 100 % uninterrupted transit to the Internet to all co-location customers who have purchased said service from Peer 1. Should transit to the Internet become unavailable for a cumulative period up to one hour in any one calendar month, Customer will receive a refund equivalent to one day of Customer's pro-rated Recurring Monthly Fees for that month.
Customer will receive an additional refund of one day of the pro-rated Internet Connectivity Recurring Monthly Fees for each additional hour, or portion thereof, of unavailability. All refund calculations will be based on unavailability in one-hour increments. The above agreement does not cover outages caused by equipment and/or events not under the direct control of Peer 1 or caused by individuals not directly employed by Peer 1. This Service Level Agreement does not cover outages due to scheduled or emergency network and/or facility maintenance, which will be broadcast to all customers in advance, and will not exceed 20 minutes per month.

Any and all refunds to Customer will not exceed 50% of the Customer's Recurring Monthly Fees for the month in which the refund is paid.

Performance Guarantee

Peer 1 will maintain its network in such a manner as to provide to all customers the best possible performance to the Internet. In order to achieve this Peer 1 makes the following guarantees to all onsite Internet customers:

- 100% guaranteed uninterrupted transit to the Internet
- Zero packet loss internal to Peer 1 network
- Peer 1 internal network will have an average latency of not greater than 1ms (inter-city)
- Peer 1 will deliver all Customer traffic to a Tier one Internet carrier[1] with an average latency not greater than 4ms (inter-city)

In addition to the above performance guarantees Peer 1 will take all possible measures to insure all Customer traffic reaches its destination in a timely fashion comparable and within reason to any other carrier in the area. These measures include the manipulation of routing tables so as to direct traffic to the Internet using its best possible upstream link.

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[1] "Tier one Internet carrier" refers to any Internet carrier who has or maintains a national or international Internet network or POPs in more than one Province or State.

1/4 Cabinet Pricing + 5Mbps

Date: April 10th, 2006

Administrative Contact	Administrative Contact Address
Name: Title: Phone: Fax: Email:	Same
Representative	**Representative Address**
Name: Woody Ferrell Title: Sales Phone:212-742-1245 Fax: 212-742-1295 Email: gferrell@peer1.net	Peer 1 Network 75 Broad St 2nd Floor New York, NY 10004

Co-location & Other Services Pricing			
Description	**Qty**	**Unit Price**	**Total**
Quarter Cabinet (10U)	1	$750.00	$750.00
Installation Of 1/8 Cabinet	1	$400.00	$400.00
10 Amp Power Circuit	1	included	included
FE Port w/5Mbps	1	included	included

Total Fees
One Time Costs: $400.00 **Monthly Recurring Costs: $750.00** **Grand Total: $1,150.00** *All fees are subject to applicable sales and service taxes*

Notes and Comments

Burst Price will be $140 per Mb.

PEER 1 NETWORK

Remote Hands Fees

Network Operations Support (remote hands)		
Network Operations Support (8am – 5pm Mon – Fri)	$150.00/hour	billed in 30 minute increments
Network Operations Support (Outside Business Hours)	$250.00/hour	billed in 30 minute increments

Network Operations Support (remote hands)	
24 hr. systems monitoring	$100.00/month/IP
Primary & secondary DNS	$50.00/year/domain
Domain name changes	$10.00/domain
Other	
Additional Access Cards (key included)	$50.00/card

A few of our clients-