
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report: November 4, 2010 (Date of earliest event reported): November 2, 2010

INX Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

1-31949
(Commission File Number)

76-0515249
(IRS Employer Identification No.)

11757 Katy Freeway
Houston, Texas 77079
(Address of Registrant's principal executive offices)

(713) 795-2000
(Registrant's telephone number, including area code)

(Not Applicable)
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14-d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.14d-4(c))
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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Effective October 7, 2010, James H. Long became the Executive Chairman of INX Inc. (the "Company"), and Mark T. Hilz became the Company's Chief Executive Officer and President, both as disclosed on Form 8-K filed with the Securities and Exchange Commission on October 7, 2010. In addition, on November 2, 2010, the Compensation Committee of the Board of Directors of the Company (the "Compensation Committee") completed its annual compensation review of the compensation of the Company's named executives for the purposes of establishing compensation plans for 2010 and establishing the salaries and incentive bonus plans for 2010. The Compensation Committee began the process of establishing the named executive compensation plans in December 2009, including employing an outside consultant to assist in establishing a peer group of companies and providing comparative information and analysis of the nature and levels of compensation of the executives of those companies in the peer group. Prior to finalizing its work, the Compensation Committee became aware of the Company's possible need to restate prior year financial statements. Because such a restatement could impact the 2010 financial results due to timing differences related to revenue recognition, the Compensation Committee deferred its action on the compensation plan until November 2, 2010, when it resolved to proceed as originally planned to establish the 2010 compensation plan and making such plan retroactive to the beginning of 2010.

Mr. Long. In connection with his appointment as the Company's Executive Chairman, Mr. Long has entered into a written employment agreement with the Company. The employment agreement provides Mr. Long with a monthly base salary of \$25,000, or \$300,000 annually, retroactive to January 1, 2010. In addition to the base salary, Mr. Long is entitled to a quarterly and annual bonus, the amount and terms of which shall be set from time to time in writing by the Compensation Committee. Additionally, Mr. Long will be issued 60,000 shares of the Company's restricted common stock, with one-fifth of the grant vesting immediately upon issuance and the balance of four fifths vesting ratably over a period of four years commencing on November 2, 2010. Mr. Long was also issued, as an inducement to enter into the employment agreement and the confidentiality agreement (discussed below), 20,000 shares of the Company's restricted common stock, with one-fifth of the grant vesting immediately upon issuance and the balance of four fifths vesting ratably over a period of four years commencing on November 2, 2010.

Mr. Long's employment may be terminated by either party at any time, with or without cause. If the Company terminates the employment agreement without cause, Mr. Long is entitled to severance compensation equal to twelve months base salary. The employment agreement also contains non-competition and non-solicitation provisions, which apply during the term of the agreement and for eighteen months thereafter. A copy of Mr. Long's employment agreement is attached as Exhibit 10.1 to this report.

Mr. Long also signed a written confidentiality agreement, which requires strict confidentiality with regards to the Company's Confidential Information, as such term is defined in the confidentiality agreement. The confidentiality agreement additionally requires that all Inventions (as such term is defined in the confidentiality agreement) of Mr. Long while employed by the Company will be the property of the Company. Additionally, Mr. Long must return all Confidential Information upon the termination of the employment agreement. The confidentiality agreement also contains a non-interference provision, which applies during the terms of the confidentiality agreement and for eighteen months thereafter. A copy of Mr. Long's confidentiality agreement is attached as Exhibit 10.2 to this report.

Mr. Hilz. Mr. Hilz has in place an employment agreement with Internetworking Sciences, Inc., a predecessor in interest to the Company. In connection with his appointment as the Company's Chief Executive Officer and President, the Compensation Committee has authorized the Company to provide to Mr. Hilz a monthly base salary of \$25,000, or \$300,000 annually, retroactive to January 1, 2010. In addition to the base salary, Mr. Hilz is entitled to a quarterly and annual bonus, the amount and terms of which shall be set from time to time in writing by the Compensation Committee. In connection with his new position as Chief Executive Officer and President, Mr. Hilz will be issued 60,000 shares of the Company's restricted common stock, with one-fifth of the grant vesting immediately upon issuance and the balance of four fifths vesting ratably over a period of four years commencing on November 2, 2010. A copy of Mr. Hilz's employment agreement is attached as Exhibit 10.3 to this report.

Mr. Hilz also has in place a written confidentiality agreement with Internetworking Sciences, Inc., a predecessor in interest to the Company, which requires strict confidentiality with regards to the Company's Confidential Information, as such term is defined in the confidentiality agreement. The confidentiality agreement additionally requires that all Inventions (as such term is defined in the confidentiality agreement) of Mr. Hilz while employed by the Company will be the property of the Company. Additionally, Mr. Hilz must return all Confidential Information upon the termination of the employment agreement. The confidentiality agreement also contains a non-interference provision, which applies during the terms of the confidentiality agreement and for eighteen months thereafter. A copy of Mr. Hilz's confidentiality agreement is attached as Exhibit 10.4 to this report.

2010 Bonus Plan. The Compensation Committee recently established the cash incentive bonus plan for Mr. Long and Mr. Hilz for the 2010 fiscal year, which is the same plan for each executive. Under the bonus plan a portion of the bonus is paid quarterly and a portion is paid annually. Under the bonus plan, a percentage of the executive's quarterly salary is paid in cash as a bonus. The percentage of salary payable as a bonus varies based upon the Company's achievement of certain financial goals as compared to three separate and equally weighted key performance indicators (each a "KPI"). For "at plan" performance the executives are eligible to receive a bonus of up to sixty percent (60%) of quarterly salary if the financial performance is "at plan", and up to a maximum of double such amount if the financial performance is double or more the "at plan" performance. The three KPIs used to measure financial performance for 2010 under the bonus plan are based upon the following:

- The ratio of (A) quarterly net income, plus income tax expense, plus non-cash expenses as compared to (B) an "at plan" target for such number established by the Compensation Committee.
- The ratio of (A) the percentage that results from dividing (x) quarterly net income, plus income tax expense, plus non-cash expenses by (y) stockholder's equity, compared to (B) an "at plan" target number established by the Compensation Committee.
- The ratio of (A) the percentage that results from dividing (x) quarterly net income, plus income tax expense, plus non-cash expenses (y) by stockholder's equity minus cash plus debt, compared to (B) an "at plan" target number established by the Compensation Committee.

The three KPIs are "equally weighted" using a points system, meaning that each KPI counts for one third of the total possible maximum points in the calculation of the bonus. For 2010, the bonus calculation is based upon the Company's internal non-GAAP financial statements that are based upon the methodology under which the Company has consistently applied EITF 00-21 in the past, and will not be adjusted for any change to such financial statements resulting from the restatement of prior financial results and related change to the manner in which the Company applies EITF 00-21 that the Company currently contemplates. Seventy five percent (75%) of the quarterly bonus is payable each quarter based upon the performance for the quarter and twenty five percent (25%) of the quarterly bonus is held until the Company calculates its financial results for the entire year.

Item 9.01 Financials Statements and Exhibits

(d) Exhibits

Exhibit No.	Description
10.1	Employment Agreement by and between INX Inc. and James H. Long dated November 3, 2010
10.2	Confidentiality Agreement by and between INX Inc. and James H. Long dated November 3, 2010
10.3	Employment Agreement by and between Internetworking Sciences, Inc., a predecessor in interest to INX Inc. and Mark T. Hilz dated July 5, 2000
10.4	Confidentiality Agreement by and between Internetworking Sciences, Inc., a predecessor in interest to INX Inc. and Mark T. Hilz dated July 5, 2000

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 4, 2010

INX Inc.

/s/ James H. Long

James H. Long
Executive Chairman

EXHIBIT INDEX

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EMPLOYMENT AGREEMENT

THIS AGREEMENT ("*Agreement*") is by and between INX Inc., a Delaware corporation with principal offices at 11757 Katy Freeway, Houston, Texas 77079 ("Company"), and James H. Long, an individual residing at 910 Alkire Lake Drive, Sugar Land, TX 77478 ("Employee"), and is effective November 3, 2010.

In consideration of Employee's continued employment in a new position by Company and any additional compensation or benefits that Company may now or from time to time bestow upon Employee, Employee and Company agree as follows:

1. Employment. Company hereby continues to employ Employee subject to the terms hereof, and Employee hereby accepts such employment upon such terms.

2. Compensation. Employee shall be compensated by Company during the Term (as hereinafter defined), as set forth in Attachment "A" attached hereto and made a part hereof. Any and all compensation, bonus programs, commission programs and stock incentive programs which are paid or which arise incident to the employment relationship created by this *Agreement* are discretionary and may be changed from time to time at the sole discretion of Company; provided, however, Employee's annual Salary, as changed from time to time, shall not be lower than Employee's Salary in effect at the time the last change is made.

3. Duties, Responsibilities. Employee's employment hereunder shall be in the capacity of Executive Chairman. In such capacity, Employee shall supervise, guide, direct and assist the Company's Chief Executive Officer, and perform such duties as are prescribed for such office in the Company's Bylaws and as may from time to time be prescribed by the Company's Board of Directors. Employee shall perform diligently and to the best of his ability his duties hereunder in accordance with any lawful instructions, rules, regulations or policies made or adopted by the Company's Board of Directors, including those applicable to the Company's employees generally. During the Term, Employee shall devote his full time, and best efforts and skills to the business and interests of the Company, do his utmost to further enhance and develop the Company's best interests and welfare, and endeavor to improve his ability and knowledge of the Company's business, particularly as it relates to his duties hereunder, in an effort to increase the value of his services for the mutual benefit of the parties hereto. Employee shall truthfully, completely and accurately make, maintain and preserve all records and reports that Company may from time to time request or require. At all times during the Term, Employee shall project a positive and professional image on behalf of the Company.

4. Outside Business Interests. Employee agrees to faithfully devote all of his time, energy, and skill to his employment with Company on a full-time basis for at least forty (40) hours per week. Employee shall not, while employed hereunder, be engaged in any other business activity that interferes with Employee's ability to execute the duties of his position with the Company effectively, unless consented to in writing by Company. Notwithstanding the foregoing, Employee may engage in passive personal investments and charitable activities, in each case that do not interfere with the business and affairs of Company or interfere with the performance of Employee's duties to Company.

Employee represents and warrants to Company that this *Agreement*, the performance of his obligations under this *Agreement* or the employment relationship between Company and Employee under this *Agreement* do not and will not violate or conflict with any non-competition (as pertaining to being employed by a competitor), non-solicitation (as pertaining to customers), non-interference (as pertaining to employees, agents or servants) or confidentiality agreement (as pertaining to trade secrets and other confidential information), or any other obligation to which Employee is subject. Employee also represents and warrants to Company that he will not use the trade secrets or other confidential information of former employers or others in connection with his employment by Company.

5. Fiduciary Duties. Employee acknowledges and agrees that during his employment with Company Employee owes a fiduciary duty of loyalty, fidelity and allegiance to act at all times in the best interests of Company. During his employment with Company, Employee agrees to not act or fail to act in any manner that would injure the business, interests, or reputation of Company or any of its affiliates. Additionally, during his employment with Company, Employee agrees to immediately disclose to Employee's immediate superior or the Board of Directors all information and business opportunities pertaining to the business of Company and any of its affiliates learned of by Employee while employed by Company.

6. Dishonesty. If at any time Employee becomes aware, or believes, that any other employee, agent or servant of Company, or any third party, is or appears to be (a) removing, concealing, transferring or using any property or funds of Company for the benefit of anyone other than Company or (b) divulging, providing or otherwise disseminating in any manner not authorized by Company any of Company's Confidential Information (as defined in the Confidentiality, Development and Non-Interference Agreement ("*Confidentiality Agreement*") to be executed by Employee concurrently herewith) to any third person not authorized by Company to possess such Confidential Information, Employee shall immediately communicate his knowledge or belief as to such matters to an executive officer of Company or to his immediate superior.

7. Restrictive Covenants. Employee agrees that the following covenants are reasonable and necessary to protect Company's interests, including but not limited to its trade secrets and other confidential information, and therefore agrees to the following covenants which are agreed to be ancillary to the *Confidentiality Agreement* to be executed by Employee concurrently herewith. Employee agrees as follows:

(a) The *Confidentiality Agreement* is incorporated herein by reference for all pertinent purposes and such *Confidentiality Agreement* and all of its terms and provisions shall be deemed a part hereof and shall be enforceable hereunder separate and distinct from its enforceability as a separate agreement, e.g., it shall be enforceable as a separate and distinct agreement as well as being enforceable as a part hereof; and Employee further agrees that he will not, while at any time employed by Company and for a period of eighteen (18) months following the termination of such employment, whether as an individual, or in any capacity, directly or indirectly; (i) in competition with Company solicit or sell or participate in any way concerning a sale of products or services similar to Company's products or services to any customer or client which Employee at any time solicited or sold for Company; (ii) induce or attempt to induce any distributor, vendor, representative, agent or contractor of Company to terminate or modify its business relationship with Company; (iii) induce or attempt to induce any of (x) Company's customers or clients or (y) individuals or entities who/which have been customers or clients of Company within the 12 months preceding termination of the Term, to terminate or in any way modify its business relationship with Company; or (iv) solicit, divert or take away, or attempt to solicit, divert or take away, from Company, any individuals or entities who (x) are Company's customers or clients or (y) who/which have been customers or clients of Company within the 12 months preceding termination of the Term with Company;

(b) In addition to the covenants made in Section 7 (a) above, for a period of twelve (12) months following termination of the Term Employee, in any capacity, directly or indirectly, will not, in competition with Company, solicit or sell or participate in any way concerning a sale of products or services similar to Company's products or services to any customer or client of Company; and

(c) Enforcement of the above Sections 7 (a) and 7 (b) are the only practical means of enforcing this Section 7 and of enforcing the *Confidentiality Agreement*. Employee agrees that enforcement of this Section 7 is necessary to protect Company's goodwill and other business interests. This Section 7 shall be deemed ancillary to the *Confidentiality Agreement*. Employee agrees that all of the provisions of this *Agreement* and the *Confidentiality Agreement* are valid and enforceable as written and according to their respective terms.

8. Assignment. This *Agreement* applies to Company and its subsidiaries, affiliates, successors, assigns and associated companies. Company may assign this *Agreement* at any time without notice (but Employee cannot). This *Agreement* is personal to Employee and no individual or entity shall have any interest in same except Employee, personally, on the one hand, and Company and its subsidiaries, affiliates, successors, assigns and associated companies, on the other hand.

9. Savings Clause - Non-Waiver. The failure of Company to at any time enforce any provision hereof shall never be construed to be a waiver of such provision or of the right of Company to enforce each and every provision hereof at any time. In the event any Section, paragraph, provision or clause, or any combination of same hereof shall be found or held to be unenforceable at law or in equity, or under any ordinance, statute or regulation, such finding or holding shall not in any way affect the other paragraphs, provisions and clauses which shall remain in full force and effect.

10. Governing Law - Venue. This *Agreement* shall be governed by the internal laws, and not the law of conflicts, of the State of Texas. Venue respecting any litigation arising from this *Agreement* and/or Employee's employment with Company shall, at Company's option, be properly laid only in a court of competent jurisdiction in Harris County, Texas, or such other venue as shall be mutually agreed between Company and Employee. Each party hereto acknowledges and agrees that it has had the opportunity to consult with its own legal counsel in connection with the negotiation of this *Agreement* and that it has bargaining power equal to that of the other party hereto in connection with the negotiation, execution and delivery of the *Agreement*. Accordingly, the parties hereto agree that the rule of contract construction that an agreement shall be construed against the drafter shall have no application in the construction or interpretation of this *Agreement*.

11. Termination. Employee's period of employment by Company (the "Term") may be terminated at any time by either party, with or without cause. However, in any case in which the Company terminates the employment relationship without cause, Company shall pay Employee severance equal to 12 months of his then current Salary, with payment to be made in a lump sum (less applicable payroll deductions) within 30 days of termination. Employee shall be required to execute a full release of claims against Company in order to receive the severance. For purpose of this section, "Cause" shall mean that Employee has done or been accused of one or more of the following: (a) been accused of or convicted of a felony or a crime involving moral turpitude; (b) committed an intentional and unauthorized disclosure of Company's Confidential Information to a third party; (c) committed or been accused by the Company, upon a reasonable basis, of knowingly committing an act of fraud, embezzlement or theft of Company property in excess of \$50; or (d) willfully failed to perform his job duties after having been notified in writing of such failure and given 30 days in which to cure such failure (unless the cure cannot be done within 30 days, in which case Employee must make substantial progress towards curing it); and such termination is a "separation from service" as defined in Treasury Regulations section 1.409A-1(h). Notwithstanding the foregoing, if payment of the severance compensation is subject to section 409A of the Internal Revenue Code (the "Code"), and if Employee is a "specified employee" (within the meaning of section 409A(a)(2)(B) of the Code), such lump sum payment shall be delayed until the first day of the seventh month following Employee's separation from service. The covenants and agreements of Employee set forth in Section 7 are of a continuing nature and shall survive the expiration, termination of the Term of this *Agreement* and Employee's employment with Company regardless of the reason(s) for such termination or cancellation.

12. Consideration For This Agreement. In addition to the continued employment of the Employee by Company, and in addition to the mutual covenants and promises of the parties contained herein, Company shall, within fifteen (15) days after the execution of this *Agreement*, grant to Employee the shares of unregistered restricted stock as provided for in Attachment "A" hereto as additional and special consideration to support the covenants and agreements of Employee contained herein. Such consideration is paid for both this *Agreement* and the *Confidentiality Agreement*.

13. Defamation and Privacy. Employee shall refrain, both during and after termination of the Term, from publishing, uttering or otherwise disseminating any oral or written statements about Company or its officers, directors, employees, agents or representatives that are slanderous, libelous, or otherwise defamatory; or that disclose private or confidential information about Company or its business affairs, officers, directors, employees, agents or representatives that Employee knows or should know is injurious to Company; or that constitute an intrusion into the seclusion or private lives or business affairs of Company or its officers, directors, employees, agents or representatives that Employee knows or should know is injurious to Company; or that give rise to unreasonable publicity about the private business affairs of Company or its officers, directors, employees, agents or representatives; or that place Company or any of its officers, directors, employees, agents or representatives in a false light before the public; or that constitute a misappropriation of the name or likeness of Company or its officers directors, employees, agents or representatives. A violation or threatened violation of this prohibition may be enjoined by any court of competent jurisdiction without necessity of posting bond. The rights afforded Company under the provision of this Section 13 are in addition to any and all rights and remedies otherwise afforded by law or by this *Agreement* or the *Confidentiality Agreement*.

14. Entire Agreement. This *Agreement* (including all written amendments and/or modifications hereto and all documents ancillary hereto) constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof and it is expressly agreed that no representations, promises, warranties or understandings, express or implied, other than set forth herein or referred to herein, shall be binding on either party with respect to the subject matter hereof. The *Confidentiality Agreement* is ancillary to, and deemed a part of, this *Agreement*. None of the provisions hereof shall be waived, altered or amended unless in writing signed by the parties. This *Agreement* voids and supersedes the Management Employment Agreement dated August 15, 1996 and all other nondisclosure, noncompetition, nonsolicitation and non-interference agreements between Company and Employee (other than the *Confidentiality Agreement*).

15. Indemnification.

Employee (including his heirs, personal representatives, executors and administrators) shall be covered under any directors' and officers' liability insurance policy purchased by the Company. In addition to the insurance coverage provided for in this Section 15, the Company shall hold harmless and indemnify the Employee (and his heirs, executors and administrators) to the fullest extent permitted under applicable law against all expenses and liabilities reasonably incurred by him in connection with or arising out of any action, suit or proceeding in which he may be involved by reason of his having been a director, officer, employee, agent or fiduciary of the Company (whether or not he continues to be a director, officer, employee, agent or fiduciary thereof at the time of incurring such expenses or liabilities), or by reason of any action or inaction on the Employee's part while serving in any such capacity, such expenses and liabilities to include, but not be limited to, losses, damages, judgments, investigation costs, court costs and attorneys' fees and the cost of reasonable settlements unless such action or inaction constituted willful gross misconduct on the part of Employee.

16. Employee's Certification. Employee HEREBY CERTIFIES THAT:

(A) EMPLOYEE RECEIVED A COPY OF THIS *AGREEMENT* AND THE *CONFIDENTIALITY AGREEMENT* FOR REVIEW AND STUDY BEFORE HE WAS ASKED TO EXECUTE THEM;

(B) EMPLOYEE HAS READ SUCH AGREEMENTS CAREFULLY;

(C) EMPLOYEE HAS HAD SUFFICIENT OPPORTUNITY BEFORE HE EXECUTED SUCH AGREEMENTS TO ASK QUESTIONS ABOUT NOT ONLY COMPANY, BUT ALSO THE PROVISIONS OF SUCH AGREEMENTS AND THAT IF HE ASKED SUCH QUESTIONS HE RECEIVED COMPLETE AND SATISFACTORY ANSWERS TO SAME;

(D) EMPLOYEE HAS BEEN AFFORDED THE OPPORTUNITY TO DISCUSS AND REVIEW THIS *EMPLOYMENT AGREEMENT* AND THE *CONFIDENTIALITY AGREEMENT* WITH AN ATTORNEY OF HIS CHOICE;

(E) EMPLOYEE UNDERSTANDS WHAT HIS RIGHTS ARE UNDER SUCH AGREEMENTS AS WELL AS HIS OBLIGATIONS, ESPECIALLY THE ANCILLARY COVENANTS; AND

(F) EMPLOYEE HAS READ AND UNDERSTANDS EACH AND EVERY PROVISION OF THIS *AGREEMENT* AND DOES HEREBY ACCEPT AND AGREE TO THE SAME.

IN WITNESS WHEREOF, Employee has, on the date set forth below, affixed his hand and Company has caused this *Agreement* to be executed by a duly authorized officer, on the date set forth below.

Employee:

Date: November 3, 2010

By: /s/ James H. Long

James H. Long, an individual

Company:

Date: November 3, 2010

By: /s/ Larry Lawhorn

Larry Lawhorn
Controller and Chief Accounting Officer

Attachment "A"

To Employment Agreement

"Salary" shall be twenty five thousand dollars (\$25,000.00) per month during the Term, payable in accordance with Company's standard pay policies and procedures, which currently provide for a semi-monthly payroll period. Pay shall be prorated for any partial pay period, if any. In addition, because the Salary level set forth herein was approved by the Compensation Committee of the Company's Board of Directors "for 2010" to be effective January 1, 2010, the Salary level set forth herein shall be retroactive to, and effective, January 1, 2010, and the Company shall make a one-time payment to Employee representing the difference between (a) the actual salary that has been paid for employment between January 1, 2010, and the effective date of this *Agreement* and (b) the Salary amount payable pursuant to this *Agreement* commencing January 1, 2010.

In addition to Salary, a quarterly and annual bonus shall be paid, the amount, if any, and terms of which shall be set from time to time in writing by the Compensation Committee of the Board of Directors of the Company.

In addition to the above cash compensation, the Company will issue sixty thousand (60,000) shares of unregistered, restricted common stock of the Company, which shares shall vest one fifth (1/5th) immediately upon issuance and the balance of four fifths (4/5^{ths}) vesting ratably (1/4th annually) over a period of four years commencing upon the first anniversary of the date hereof.

In addition to the above compensation, as an inducement to enter into this *Agreement* and the *Confidentiality Agreement*, the Company will issue twenty thousand (20,000) shares of unregistered, restricted common stock of the Company, which shares shall vest one fifth (1/5th) immediately upon issuance and the balance of four fifths (4/5^{ths}) vesting ratably (1/4th annually) over a period of four years commencing upon the first anniversary of the date hereof.

CONFIDENTIALITY, DEVELOPMENT AND NON-INTERFERENCE AGREEMENT

THIS AGREEMENT (“*Confidentiality Agreement*,” and together with the Employment Agreement (the “*Employment Agreement*”) entered into on the date hereof by and between INX Inc., a Delaware corporation with principal offices at 11757 Katy Freeway, Houston, Texas 77079 (“*Company*”), and James H. Long, an individual residing at 910 Alkire Lake Drive, Sugar Land, TX 77478 (“*Employee*”), together the “*Agreements*”) is by and between the Company and Employee and is effective November 3, 2010.

In consideration of Employee’s continued employment by Company and any additional compensation or benefits that Company may now or from time to time bestow upon Employee, Employee and Company agree as follows:

- 1. Company Shall Provide Confidential Information.** To the extent necessary to perform his or her duties hereunder, Company shall provide to, and Employee will have, access to pertinent Confidential Information (defined below) of Company.
 - 2. Employees Who Sell Company’s Products and Services.** In the event Employee deals, in any way, with Company’s customers, Employee agrees that the empathy, rapport and goodwill (collectively “goodwill”) he develops with Company’s customers are extremely valuable and necessary for the sale(s) of Company’s products and services to such customers and shall be deemed to be protectable and proprietary interests of Company and not of Employee.
 - 3. Company’s Confidential Information.** Employee agrees that all of Company’s Confidential Information, whatever its nature and/or form and whether obtained by Employee orally, by observation, by exposure to customers or other persons, from written materials or otherwise, shall at all times be the exclusive and confidential property of Company and shall be at all times regarded, treated and protected as such by Employee in accordance with the *Agreements*. Further, Employee agrees that Company’s Confidential Information shall be deemed to have been provided by Company to Employee, in confidence, irrespective of whether or not Company provided same to Employee or whether prepared, discovered, developed or contributed to, wholly or in part, by Employee or any other individual or entity during Employee’s employment with Company or prior to such employment with Company. Employee agrees that such Confidential Information is not only the proprietary and protectable property of Company, but that it shall be treated and kept as secret by Employee at all times and any unauthorized use and/or disclosure of same, or any part thereof, will constitute a breach(es) of the *Agreements* and will constitute a breach(es) of Employee’s fiduciary duty to Company regarding the Confidential Information and will constitute a breach(es) of the confidential relationship between Company and Employee regarding the Confidential Information. Employee agrees that all of Company’s Confidential Information, including but not limited to, the specific items listed in this Section 3, below, is not known to Company’s competitors and such competitors do not use such specific information in their business. Employee further agrees that none of the specific items listed in this Section 3, below, are matters of public knowledge or of general knowledge in the industry in which Company conducts its business; Employee agrees that none of such specific items are readily ascertainable by any competitor of Company by reasonable and ordinary means; Employee agrees that Company’s Confidential Information is proprietary to, about or created by Company and gives Company some competitive business advantage or the opportunity of obtaining such advantage. Employee agrees that the unauthorized disclosure or use of Company’s Confidential Information will be detrimental to the interests of Company. Employee agrees that Company’s Confidential Information is not typically disclosed by Company to, or known by third parties who are not employed by Company. Employee agrees that Company’s Confidential Information also includes, but is not limited to, information known by Employee to be considered confidential by Company, or from all the relevant circumstances considered confidential by Company, or from all the relevant circumstances should reasonably be assumed by Employee to be confidential and proprietary to Company. Employee agrees that Company utilizes continuing and effective means of preserving the secrecy of its Confidential Information, such as, but not limited to, having its Employees enter into confidentiality agreements such as this *Confidentiality Agreement*, provided, however, that failure to mark any document “confidential,” or with word(s) of similar import, shall not affect the confidential nature of such document or the information contained therein. Employee agrees that Company’s Confidential Information, which may be written, oral or otherwise, includes, but is not limited to:
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- (a) Work product resulting from or related to work or projects performed or to be performed for Company or for customers or clients of Company, including but not limited to data bases, drafts and other non-public written documents, the interim and final lines of inquiry, hypotheses, research and conclusions related thereto and the methods, processes, procedures, analyses, techniques and audits used in connection therewith;
- (b) Computer software of any type or form in any stage of actual or anticipated research and development, including but not limited to programs and program modules, routines and subroutines, processes, algorithms, design concepts, design specifications (design notes, annotations, documentation, flowcharts, coding sheets, and the like), source codes, object codes and load modules, programming, program patches and system designs;
- (c) Information relating to the Company's proprietary rights prior to any public disclosure thereof, including but not limited to the nature of the proprietary rights, production data, technical and engineering data, test data and test results, the status and details of research and development of products and service, and information regarding acquiring, protecting, enforcing and licensing proprietary rights (including, without limitation, patents, copyrights and trade secrets);
- (d) Internal Company personnel and financial information, lists or other documents which identify vendor names and other vendor information (including vendor characteristics, services and agreements), information concerning the identification and nature of goods or services provided by vendors, purchasing and internal cost information, internal service and operational manuals, and the manner and methods of conducting Company's business;
- (e) Business, marketing and development plans, price and price discounting policies and practices, price and cost data, price and fee amounts, pricing and billing policies, quoting procedures, marketing techniques and methods of obtaining business, forecasts and forecast assumptions and volumes, and future plans and potential strategies of Company which have been or are being discussed;
- (f) Names, lists or compilations of customers or clients and their representatives, contracts and their contents and parties, customer or client services, and the type, quantity, specifications and contents of products and services purchased, leased, licensed or received by customers or clients of Company;
- (g) Information provided to Company by any individual or entity;
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(h) Contracts with, or developed by Company for use with customers, agents, vendors of Company, or any other individual or entity, including without limitation, the terms and conditions thereof;

(i) Any and all materials printed by or for Company and utilized by Company in any manner in the conduct of its business;

(j) All information generated by computer software utilized by Company in the conduct of its business;

(k) Company's computer data bases and any information going into or coming out of Company's computers;

(l) Information concerning Company's customers, including but not limited to customer identity, customer needs and products and/or services requirements, specific products and quantities of same purchased by customers, specific prices paid for Company's products and services by customers, specific quantities of Company's products and services purchased by customers, commissions paid on the sales made to customers, payment history of customers, identification of and all information concerning the buyers (purchasing agents) employed by the customers, histories of customer purchases, all notes or memoranda containing any customer information, and all information concerning customers, customer lists (which shall be deemed to mean any printed material containing, relating to or referring to any customer or customer information), price books, prices, price lists, price calculations, i.e., any information having to do with the prices Company charges its customers for Company's products; and

(m) Any and all information concerning Company's personnel, whether sales or in-house personnel; any and all information concerning commissions and/or other compensation and/or bonuses paid to Employees; any and all information concerning the effectiveness of, volume of sales made by, and profitability of sales made by each Company Employee responsible for making sales; Company's sales strategies, sales procedures, promotion of sales and sales proposals and/or bids and/or any information concerning Company's solicitation for and sales of its products and services; general price lists, special price lists, e.g., for "national accounts" or other favored customer accounts; all other information and/or data relating in any manner to Company and/or its business which is learned of and/or which comes into the possession of Employee and/or any other Company employee while employed by Company; all information utilized by Employee and/or any other Company employee while employed by Company, irrespective of when or through what or whom learned of. Company's Confidential Information also includes, but is not limited to, information that Employee would not have learned of but for his employment by Company.

Employee agrees that each, every and all of the above listed specific items of Company's Confidential Information are and shall be deemed trade secrets in accordance with the definitions of trade secrets stated in comment b to the Restatement (First) of Torts § 757 ("Restatement") and the Uniform Trade Secrets Act ("UTSA"). Employee further agrees that such trade secrets are and shall be deemed to be Company's Confidential Information. Employee agrees that such Confidential Information shall be protectable by Company as its trade secret(s) and/or confidential information notwithstanding that, technically, any given specific item of Confidential Information, at issue, may not satisfy the definition(s) of trade secrets as stated above or as contained in the Restatement or UTSA. Employee agrees that it is the intent of the *Agreements* and is the intent of Employee, and in light of the consideration paid by Company to Employee for his entering into the *Agreements*, that the *Agreements* shall be fully enforceable and the specific items of Confidential Information as stated herein shall be protectable by injunctive relief, among other remedies, even though such items do not rise to the dignity of trade secret(s) as defined by the Restatement, UTSA or by any other law(s) of the State of Texas. Confidential Information shall not include information publicly known other than as a result of a disclosure by Employee in breach of the *Agreements*. The phrase "publicly known" shall mean readily accessible to the public, or others engaged in the industry(ies) in which Company engages, in a written publication and shall not include information which is only available by a substantial searching of the published literature or information the substance of which must be pieced together from a number of different publications and sources, or by focused searches of literature guided by Confidential Information. The burden of proving that information is not confidential or secret shall be on the party asserting such exclusion.

4. Covenants of Employee. As a consequence of Employee's acquisition or anticipated acquisition of Confidential Information, Employee will occupy a position of trust and confidence with respect to Company's affairs and business. Employee acknowledges that Company's Confidential Information is/are valuable, special and unique assets of Company, which Company uses in its business to obtain competitive advantage over its competitors that do not know or use such information. In view of the foregoing and of the consideration being provided to Employee by Company for the execution of the *Agreements*, Employee agrees that it is reasonable and necessary that Employee make the following covenants. Employee does hereby covenant and agree as follows:

(a) That he will at all times keep in strict confidence, and will not, either directly or indirectly (other than in the regular course of Company's business), copy, transfer, make known, divulge, reveal, furnish, make available for use, disclose, publish, make available to others, misappropriate or use, at any time, any of Company's Confidential Information; and

(b) That he will safeguard all of Company's Confidential Information at all times so that it is not exposed to, or taken by, unauthorized persons, and Employee shall exercise his best efforts at all times to assure such Confidential Information's safekeeping, confidentiality and secrecy; and

(c) That the prohibitions against Employee regarding Company's Confidential Information contained in this Section 4, include but are not limited to, disclosing the fact that any similarity exists between the Confidential Information and information independently developed by any third party, and Employee understands that such similarity does not excuse Employee from abiding by his or her covenants or other obligations under the *Agreements*.

(d) That the prohibitions against Employee's use, copying or transfer of Confidential Information includes, but is not limited to, selling, licensing or otherwise exploiting, directly or indirectly, any products or services (including data bases, written documents and software in any form) which embody or are derived from Confidential Information, or exercising judgment in performing analyses based upon knowledge of Confidential Information.

(e) That the *Employment Agreement* is incorporated herein by reference for all pertinent purposes and such *Employment Agreement* and all of its terms and provisions shall be ancillary to this *Confidentiality Agreement* and shall be deemed a part hereof and shall be enforceable hereunder separate and distinct from its enforceability as a separate agreement, e.g., it shall be enforceable as a separate and distinct agreement as well as being enforceable as a part hereof and shall be deemed to be ancillary to this *Confidentiality Agreement*.

5. Return of Confidential Material. Employee shall turn over to Company all originals and copies of materials containing Confidential Information in the Employee's possession, custody, or control upon request or upon termination of the Employee's employment with Company. Upon termination of his employment with Company, Employee agrees to attend a termination interview with one of Company's executive officers to confirm turnover of such materials and to discuss any questions Employee may have about his continuing obligations under the *Agreements*.

6. Inventions. Any and all inventions, products, discoveries, improvements, copyrightable works, trademarks, service marks, ideas, processes, formulae, methods, designs, techniques or trade secrets (collectively hereinafter referred to as "*Inventions*") made, developed, conceived or resulting from work performed by Employee (alone or in conjunction with others, during regular hours of work or otherwise) while Employee is employed by Company and which may be directly or indirectly useful in, or related to, the business of Company (including, without limitation, research and development activities of Company), or which are made using any equipment, facilities, Confidential Information, materials, labor, money, time or other resources of Company, shall be promptly disclosed by Employee to one of Company's executive officers, and shall be deemed Confidential Information for purposes of the *Agreements*, and shall be Company's exclusive property. Employee shall, upon Company's request, execute any documents and perform all such acts and things which are necessary or advisable in the opinion of Company to cause issuance of patents to, copyrights for, or otherwise obtain recorded protection of rights to intellectual property for, Company with respect to *Inventions* that are to be Company's property under this Section, or to transfer to and vest in Company full and exclusive right, title and interest in and to such *Inventions*; provided, however, that the expense of securing any such protection of right to *Inventions* shall be borne by Company. In addition, Employee shall, at Company's expense, assist Company in any proper manner in enforcing any inventions that are to be or become Company's property hereunder against infringement by others. Employee shall keep confidential and will hold for Company's sole use and benefit any invention that is to be Company's exclusive property under this Section for which full recorded protection of right has not been or cannot be obtained.

7. Non-Interference With Company's Employees. During Employee's employment with Company, and for a period of 18 months immediately following Employee's termination (voluntary or otherwise), Employee shall not, directly or indirectly: (a) induce, or aid others to induce, any Company employee to terminate his or her employment with Company; (b) induce any Company employee to do, or not do, as the case may be, anything which violates his oral or written employment agreement with Company; (c) hire, attempt to hire, contact or solicit with respect to hiring any employee of Company. Moreover, in recognition of the status of the compensation and effectiveness of Company employees as Confidential Information, Employee shall not solicit or aid others to solicit Company employees for, or offer to them, competitive employment. Additionally, Employee agrees not to interfere with the business of Company in any manner including, without limitation, inducing any consultant or independent contractor to terminate or modify such person's relationship with Company. For purposes of this Section 7, "Employee" shall be deemed to mean agents, servants, representatives and other individuals having an employer/employee relationship with Company or who had such a relationship with Company within the 12 months preceding the commencement of the restricted activities of Employee as stated above.

8. Employee's Certification. Employee HEREBY CERTIFIES THAT:

(A) EMPLOYEE RECEIVED A COPY OF THIS *CONFIDENTIALITY AGREEMENT* AND THE *EMPLOYMENT AGREEMENT* FOR REVIEW AND STUDY BEFORE HE WAS ASKED TO EXECUTE THEM;

(B) EMPLOYEE HAS READ SUCH *AGREEMENTS* CAREFULLY;

(C) EMPLOYEE HAS HAD SUFFICIENT OPPORTUNITY BEFORE HE EXECUTED SUCH *AGREEMENTS* TO ASK QUESTIONS ABOUT NOT ONLY COMPANY, BUT ALSO THE PROVISIONS OF SUCH *AGREEMENTS* AND THAT IF HE ASKED SUCH QUESTIONS HE RECEIVED COMPLETE AND SATISFACTORY ANSWERS TO SAME;

(D) EMPLOYEE HAS BEEN AFFORDED THE OPPORTUNITY TO DISCUSS AND REVIEW THIS *CONFIDENTIALITY AGREEMENT* AND THE *EMPLOYMENT AGREEMENT* WITH AN ATTORNEY OF HIS CHOICE;

(E) EMPLOYEE UNDERSTANDS WHAT HIS RIGHTS ARE UNDER THE *AGREEMENTS* AS WELL AS HIS OBLIGATIONS, ESPECIALLY THE ANCILLARY COVENANTS; AND

(F) EMPLOYEE HAS READ AND UNDERSTANDS EACH AND EVERY PROVISION OF SUCH *AGREEMENTS* AND DOES HEREBY ACCEPT AND AGREE TO THE SAME.

IN WITNESS WHEREOF, Employee herewith affixed his hand and Company has caused this *Confidentiality Agreement* to be executed by a duly authorized officer, all on the day and year below mentioned.

Employee:

Date: November 3, 2010

By: /s/ James H. Long

James H. Long, an individual

Company:

Date: November 3, 2010

By: /s/ Larry Lawhorn

Larry Lawhorn
Controller and Chief Accounting Officer

EMPLOYMENT AGREEMENT

THIS AGREEMENT ("*Agreement*") is by and between Internetworking Sciences Corporation, a Delaware corporation with principal offices at 6401 Southwest Freeway, Houston, Texas 77074 ("Company") and Mark T. Hilz, an individual residing at 210 Canyon Oaks Drive, Argyle, Texas 76226 (Employee") and is effective July 5, 2000.

In consideration of Employee's employment or continued employment in a new position by Company and any additional compensation or benefits that Company may now or from time to time bestow upon Employee, Employee and Company agree as follows:

1. **Employment.** Company hereby employs or continues to employ Employee subject to the terms hereof, and Employee hereby accepts such employment upon such terms. As used in this *Agreement*, the word "Employee" shall be deemed to include, but not be limited to, Company's Sales Agents and Sales Managers.

2. **Compensation.** Employee shall be compensated by Company as set forth in Attachment "A" attached hereto and made a part hereof. Any and all compensation, bonus programs, commission programs and stock incentive programs which are paid or which arise incident to the employment relationship created by this *Agreement*, other than the one-time cash payment described hereinafter, are discretionary and may be changed from time to time at the sole discretion of Company.

3. **Duties, Responsibilities.** Employee shall function in whatever capacity(ies) Company shall assign, whether for Company or its subsidiary(ies) and shall report to such executive officer, or other designated superior of Employee, of Company or such subsidiary(ies) as may be designated from time to time. Employee shall perform the usual functions of such position(s) and functions as directed by such executive officer or superior from time to time. Employee shall truthfully, completely and accurately make, maintain and preserve all records and reports that Company may from time to time request or require. Employee shall also perform other duties for Company and its subsidiary(ies) as Company may otherwise reasonably order and direct through such executive officer and/or superior. Employee's employment shall be subject to the policies of Company now or hereafter adopted.

4. **Outside Business Interests.** Employee agrees to faithfully devote all of his/her time, energy, and skill to his/her employment with Company on a full-time basis for at least forty (40) hours per week, Mondays through Fridays of each successive calendar month, but exclusive of holidays set by Company and vacation periods in accordance with Company's policies. Employee shall not, while employed hereunder, be engaged in any other business activity, unless consented to in writing by Company. Notwithstanding the foregoing, Employee may engage in passive personal investments that do not interfere with the business and affairs of Company or interfere with the performance of Employee's duties to Company. Employee represents and warrants to Company that this *Agreement*, the performance of his/her obligations under this *Agreement* or the employment relationship between Company and Employee under this *Agreement* do not and will not violate or conflict with any non-competition (as pertaining to being employed by a competitor), non-solicitation (as pertaining to customers), non-interference (as pertaining to employees, agents or servants) or confidentiality agreement (as pertaining to trade secrets and other confidential information), or any other obligation to which Employee is subject. Employee also represents and warrants to Company that he/she will not use the trade secrets or other confidential information of former employers or others in connection with his/her employment by Company.

5. **Fiduciary Duties.** Employee acknowledges and agrees that Employee owes a fiduciary duty of loyalty, fidelity and allegiance to act at all times in the best interests of Company. Employee agrees to not act or fail to act in any manner that would injure the business, interests, or reputation of Company or any of its Affiliates (as defined below in paragraph 6). Additionally, Employee agrees to immediately disclose to an executive officer or Employee's immediate superior all information and business opportunities pertaining to the business of Company and any of its Affiliates learned of by Employee while employed by Company and not to appropriate for Employee's benefit or that of any third party such opportunities or information.

6. Dishonesty. If at any time Employee becomes aware, or believes, that any other employee, agent or servant of Company, or any third party, is or appears to be (a) removing, concealing, transferring or using any property or funds of Company for the benefit of anyone other than Company or is otherwise not authorized by Company to do so, or (b) divulging, providing or otherwise disseminating in any manner not authorized by Company any of Company's Confidential Information (as defined in the *Confidentiality, Development and Non-Interference Agreement ("Confidentiality Agreement")*) to be executed by Employee concurrently herewith) to any third person not authorized by Company to possess such Confidential Information, Employee shall immediately communicate his/her knowledge or belief as to such matters to an executive officer of Company or to his/her immediate superior.

7. Restrictive Covenants. Employee agrees that the following covenants are reasonable and necessary to protect Company's interests, including but not limited to its trade secrets and other confidential information, and therefore agrees to the following covenants which are agreed to be ancillary to the *Confidentiality Agreement* to be executed by Employee concurrently herewith. Employee agrees as follows:

(a) That certain *Confidentiality Agreement* entered into by and between Company and Employee (as of dates below) is incorporated herein and hereat by reference for all pertinent purposes and such *Confidentiality Agreement* and all of its terms and provisions shall be deemed a part hereof and shall be enforceable hereunder separate and distinct from its enforceability as a separate agreement, e.g., it shall be enforceable as a separate and distinct agreement as well as being enforceable as a part hereof; and

Employee further agrees that he/she will not, while at any time employed by Company and for a period of eighteen (18) months following the termination of such employment, whether as an individual, or in any capacity, directly or indirectly:

(b) In competition with Company solicit or sell or participate in any way concerning a sale of products or services similar to Company's products or services to any customer or client which Employee at any time solicited or sold for Company; and

(c) Induce or attempt to induce any distributor, vendor, representative, agent or contractor of Company to terminate or modify its business relationship with Company;

(d) Induce or attempt to induce any of (i) Company's customers or clients or (ii) individuals or entities who/which have been customers or clients of Company within the 12 months preceding Employee's termination of employment with Company, to terminate or in any way modify its business relationship with Company; and

(e) Solicit, divert or take away, or attempt to solicit, divert or take away, from Company, any individuals or entities who (i) are Company's customers or clients or (ii) who/which have been customers or clients of Company within the 12 months preceding Employee's termination of employment with Company; and

Employee further agrees that:

(f) In the event any court of competent jurisdiction at any time determines that all or any part of the above and foregoing restrictive covenant(s) to be unenforceable, in whole or in part, then in that event Employee hereby waives (and covenants not to sue Company) whatever cause(s) of action he or she might otherwise have (whether under any antitrust law(s) or otherwise) against Company because of its attempt to enforce same; and

(g) Enforcement of the above paragraphs 7 (b) through (e), inclusive, is the only practical means of enforcing paragraph 7(a), above, and of enforcing the *Confidentiality Agreement*. Employee agrees that enforcement of paragraphs 7 (b) through (e), inclusive, is necessary to protect Company's goodwill and other business interests. Paragraphs 7 (a) through (e), inclusive, shall be deemed ancillary to the *Confidentiality Agreement*. Employee agrees that all of the provisions of this *Agreement* and the *Confidentiality Agreement* are valid and enforceable as written and according to their terms. For purposes of this *Agreement*, the following definitions shall apply: (a) "Company" shall be deemed to mean and refer to the entity named in the first paragraph hereof; (b) "Parent" shall be deemed to mean and refer to any corporation which, directly or indirectly, controls Company or the referred to subsidiaries through ownership or control of at least 80% of the authorized, issued and outstanding shares of the common voting stock of Company or each of such subsidiaries; (c) the word "Affiliates" includes Company's Parent (if any) and subsidiaries of Company or Company's Parent (if any). The obligations of Employee as to this paragraph 7 hereof shall apply to Company and its Affiliates, in which case such Affiliates shall be deemed to be third party beneficiaries of such paragraph. The obligations of Company hereunder shall not apply to such Parent and/or subsidiaries.

8. Assignment. This Agreement applies to Company and its subsidiaries, Affiliates, successors, assigns or its associated companies. Company may assign this Agreement at any time without notice (but Employee cannot). This Agreement is personal to Employee and no individual or entity shall have any interest in same except Employee, personally, on the one hand, and Company and its subsidiaries, Affiliates, successors, assigns or its associated companies, on the other hand.

9. Savings Clause - Non-Waiver. The failure of Company to at any time enforce any provision hereof shall never be construed to be a waiver of such provision or of the right of Company to enforce each and every provision hereof at any time. In the event any paragraph, provision or clause, or any combination of same hereof shall be found or held to be unenforceable at law or in equity, or under any ordinance, statute or regulation, such finding or holding shall not in any way affect the other paragraphs, provisions and clauses which shall remain in full force and effect.

10. Attorney's Fees - Venue. Employee agrees to pay Company its actual attorney's fees and out-of-pocket costs (including all travel expense of counsel and witnesses) which Company incurs by virtue of Employee's employment by Company, including any litigation by which Company seeks to enforce any provision hereof. This Agreement shall be governed by the internal laws, and not the law of conflicts, of the State of Texas, or, at Company's option, governed by the internal laws of the state or states where this Agreement, and/or any of its provisions, may be at issue in any litigation involving Company, in all respects. Venue respecting any litigation arising from this Agreement and/or Employee's employment with Company shall, at Company's option, be properly laid only in a court of competent jurisdiction in Harris County, Texas. Each party hereto acknowledges and agrees that it has had the opportunity to consult with its own legal counsel in connection with the negotiation of this *Agreement* and that it has bargaining power equal to that of the other party hereto in connection with the negotiation, execution and delivery of the *Agreement*. Accordingly, the parties hereto agree that the rule of contract construction that an agreement shall be construed against the drafter shall have no application in the construction or interpretation of this *Agreement*.

11. Termination. Employee's employment by Company may be terminated at any time by either party, with or without cause. No severance pay or benefits will be paid upon termination of employment under this *Agreement*. The covenants and agreements of Employee set forth in paragraph 7 are of a continuing nature and shall survive the expiration, termination or cancellation of this *Agreement* and Employee's employment with Company regardless of the reason(s) for such termination or cancellation.

12. Consideration For This Agreement. In addition to the employment, or continued employment, of the Employee by Company, and in addition to the mutual covenants and promises of the parties contained herein, Company shall, contemporaneous with the execution of this *Agreement* by Employee, or within thirty days thereafter, pay to Employee additional and special consideration of a one-time cash payment of \$1,000.00 as additional and special consideration to support the covenants and agreements of Employee contained herein. Such \$1,000.00 is paid for both this *Agreement* and the *Confidentiality Agreement*.

13. **Miscellaneous.** Employee has no authority, express or implied, to assume or create any obligation on behalf of or in the name of Company. Employee shall have no authority to make representations, warranties or guarantees not herein stated (and Company makes no warranty with respect to any product or service sold by it except as otherwise specifically agreed in writing) unless otherwise authorized, in writing, by Company. Employee may not make any allowances or adjustments respecting customers without the written authorization of Company, nor may Employee bind Company to any contract of employment, or otherwise, without Company's consent; nor may Employee endorse or cash Company's checks or commercial paper; nor may Employee maintain any bank account in the name of Company. Employee hereby indemnifies and holds harmless Company from any and all liability, cost or damage which Company may suffer by Employee's breach of this paragraph 13 and/or which Company may suffer because of any act or omission of Employee.

14. **Defamation and Privacy.** Employee shall refrain, both during and after termination of the employment relationship between Company and Employee, from publishing, uttering or otherwise disseminating any oral or written statements about Company or its officers, directors, employees, agents or representatives that are slanderous, libelous, or otherwise defamatory; or that disclose private or confidential information about Company or its business affairs, officers, directors, employees, agents or representatives that Employee knows or should know is materially injurious to Company; or that constitute an intrusion into the seclusion or private lives or business affairs of Company or its officers, directors, employees, agents or representatives that Employee knows or should know is materially injurious to Company; or that give rise to unreasonable publicity about the private business affairs of Company or its officers, directors, employees, agents or representatives; or that place Company or any of its officers, directors, employees, agents or representatives in a false light before the public; or that constitute a misappropriation of the name or likeness of Company or its officers directors, employees, agents or representatives. A violation or threatened violation of this prohibition may be enjoined by any court of competent jurisdiction. The rights afforded Company under the provision of this paragraph 14 are in addition to any and all rights and remedies otherwise afforded by law or by this *Agreement*.

15. **Entire Agreement.** This *Agreement* (including all written amendments and/or modifications hereto and all documents ancillary hereto) constitutes the entire agreement and understanding between the parties and it is expressly agreed that no representations, promises, warranties or understandings, express or implied, other than set forth herein or referred to herein, shall be binding on either party. The *Confidentiality Agreement* is ancillary to this *Agreement*. None of the provisions hereof shall be waived, altered or amended unless in writing signed by the parties.

16. **Employee's Certification.** Employee HEREBY CERTIFIES THAT:

- (A) EMPLOYEE RECEIVED A COPY OF THIS *AGREEMENT* AND THE *CONFIDENTIALITY AGREEMENT* FOR REVIEW AND STUDY BEFORE HE/SHE WAS ASKED TO EXECUTE THEM;
- (B) EMPLOYEE HAS READ SUCH AGREEMENTS CAREFULLY;
- (C) EMPLOYEE HAS HAD SUFFICIENT OPPORTUNITY BEFORE HE/SHE EXECUTED SUCH AGREEMENTS TO ASK QUESTIONS ABOUT NOT ONLY COMPANY, BUT ALSO THE PROVISIONS OF SUCH AGREEMENTS AND THAT IF HE/SHE ASKED SUCH QUESTIONS HE/SHE RECEIVED COMPLETE AND SATISFACTORY ANSWERS TO SAME;
- (D) EMPLOYEE HAS BEEN AFFORDED THE OPPORTUNITY TO DISCUSS AND REVIEW THIS *AGREEMENT* AND THE *CONFIDENTIALITY AGREEMENT* WITH AN ATTORNEY OF HIS/HER CHOICE;
- (E) EMPLOYEE UNDERSTANDS WHAT HIS/HER RIGHTS ARE UNDER THE AGREEMENTS AS WELL AS HIS/HER OBLIGATIONS, ESPECIALLY THE ANCILLARY COVENANTS; AND

(F) EMPLOYEE HAS READ AND UNDERSTANDS EACH AND EVERY PROVISION OF THE AGREEMENTS AND DOES HEREBY ACCEPT AND AGREE TO THE SAME.

IN WITNESS WHEREOF, Employee has, on the date set forth below, affixed his/her hand and Company has caused this Agreement to be executed by a duly authorized officer, on the date set forth below.

Date: 07/24/00

Employee:

/s/ Mark Hilz

Signature

Mark Hilz

Printed Name

Company:

/s/ James H. Long

James H. Long,

Chairman Of The Board Of Directors

Date 07/06/00

Attachment "A"

To Employment Agreement

Salary shall be \$9,583.33 per month, payable in accordance with Company's standard pay policies and procedures, which currently provide for a bi-monthly payroll period. Pay shall be prorated for any partial pay period, if any.

Within 90 days following the effective date of this Agreement, Company will issue three separate stock option contracts to Employee, each granting seven hundred thousand (700,000) shares of stock of Company. The first of these three stock option contracts will vest over five (5) years, with 1/5 (20%) of the total shares vesting each year for a period of five (5) years, based on continued employment. The other two stock option contracts will vest over five (5) years, but only upon attainment of certain performance goals as set forth in a written plan which will be generated by Company at Company's sole discretion. The percentage of ownership of Company is subject to dilution as Company issues additional shares to Parent in return for additional capital contribution and other types of share issuances.

Within 90 days following the effective date of this Agreement, Company's Parent, Allstar Systems, Inc., will issue three separate stock option contracts to Employee granting five thousand (5,000) shares of stock of Allstar Systems, Inc. The first of these three stock option contracts will vest over five (5) years, with 1/5 (20%) of the total shares vesting each year for a period of five (5) years, based upon continued employment. The other two stock option contracts will vest over five (5) years, but only upon attainment of certain performance goals as set forth in a written plan which will be generated by Company at Company's sole discretion.

Company will pay a quarterly cash bonus to Employee based upon performance as compared to goals set forth by the Company, at the Company's sole discretion. The initial goals and related bonus program is set forth in summary form on the six (6) page document titled "Internetworking Sciences Corporation" attached hereto as Attachment "B".

The compensation plan may be modified at any time, at the sole discretion of the Board of Directors of the Company.

CONFIDENTIALITY, DEVELOPMENT AND NON-INTERFERENCE AGREEMENT

THIS AGREEMENT ("*Agreement*") is by and between Internetworking Sciences Corporation, a Delaware corporation with principal offices at 6401 Southwest Freeway, Houston, Texas 77074 ("Company") and Mark T. Hilz, an individual residing at 210 Canyon Oaks Drive, Argyle, Texas 76226 (Employee") and is effective July 5, 2000.

In consideration of Employee's employment or continued employment by Company and any additional compensation or benefits that Company may now or from time to time bestow upon Employee, Employee and Company agree as follows:

1. Company Shall Provide Confidential Information. To the extent necessary to perform his or her duties hereunder, Company shall provide to and/or will give Employee access to pertinent Confidential Information (defined below) of Company. In addition, because of the nature of Employee's duties and responsibilities to Company, Employee from time to time will have access or be exposed to certain other Confidential Information of Company.

2. Employees Who Sell Company's Products and Services. As used in this Agreement, the word "Employee" shall be deemed to include, but not be limited to, Company's Sales Agents and Sales Managers. In the event Employee deals, in any way, with Company's customers, Employee agrees that the empathy, rapport and goodwill (collectively "goodwill") he/she develops with Company's customers are extremely valuable and necessary for the sale(s) of Company's products and services to such customers and shall be deemed to be protectable and proprietary interests of Company and not of Employee.

3. Company's Confidential Information. Employee agrees that all of Company's Confidential Information, whatever its nature and/or form and whether obtained by Employee orally, by observation, by exposure to customers or other persons, from written materials or otherwise, shall at all times be the exclusive and confidential property of Company and shall be at all times regarded, treated and protected as such by Employee in accordance with this *Agreement*. Further, Employee agrees that Company's Confidential Information of which he/she learns at any time shall be deemed to have been provided by Company to Employee, in confidence, irrespective of whether or not Company provided same to Employee or whether prepared, discovered, developed or contributed to, wholly or in part, by Employee or any other individual or entity during Employee's employment with Company or prior to such employment with Company. Employee agrees that such Confidential Information is not only the proprietary and protectable property of Company, but that it shall be treated and kept as secret by Employee at all times and any unauthorized use and/or disclosure of same, or any part thereof, will constitute a breach(es) of this Agreement and will constitute a breach(es) of Employee's fiduciary duty to Company regarding the Confidential Information and will constitute a breach(es) of the confidential relationship between Company and Employee regarding the Confidential Information. Employee agrees that all of Company's Confidential Information, including but not limited to, the specific items listed in paragraph 3, below, is not known to Company's competitors and such competitors do not use such specific information in their business. Employee further agrees that none of the specific items listed in paragraph 3, below, are matters of public knowledge or of general knowledge in the industry in which Company conducts its business; Employee agrees that none of such specific items are readily ascertainable by any competitor of Company by reasonable and ordinary means; Employee agrees that Company's Confidential Information is proprietary to, about or created by Company and gives Company some competitive business advantage or the opportunity of obtaining such advantage. Employee agrees that the unauthorized disclosure or use of Company's Confidential Information might be detrimental to the interests of Company. Employee agrees that Company's Confidential Information is not typically disclosed by Company to, or known by third parties who are not employed by Company. Employee agrees that Company's Confidential Information also includes, but is not limited to, information known by Employee to be considered confidential by Company, or from all the relevant circumstances considered confidential by Company, or from all the relevant circumstances should reasonably be assumed by Employee to be confidential and proprietary to Company. Employee agrees that Company utilizes continuing and effective means of preserving the secrecy of its Confidential Information items, such as, but not limited to, having its Employees enter into confidentiality agreements such as this *Agreement*, provided, however, that failure to mark any document "confidential," or with word(s) of similar import, shall not affect the confidential nature of such document or the information contained thereon. Employee agrees that Company's Confidential Information, which may be written, oral or otherwise, includes, but is not limited to:

- (a) Work product resulting from or related to work or projects performed or to be performed for Company or for customers or clients of Company, including but not limited to data bases, draft and other non-public written documents, the interim and final lines of inquiry, hypotheses, research and conclusions related thereto and the methods, processes, procedures, analyses, techniques and audits used in connection therewith;
- (b) Computer software of any type or form in any stage of actual or anticipated research and development, including but not limited to programs and program modules, routines and subroutines, processes, algorithms, design concepts, design specifications (design notes, annotations, documentation, flowcharts, coding sheets, and the like), source codes, object codes and load modules, programming, program patches and system designs;
- (c) Information relating to the Company's proprietary rights prior to any public disclosure thereof, including but not limited to the nature of the proprietary rights, production data, technical and engineering data, test data and test results, the status and details of research and development of products and service, and information regarding acquiring, protecting, enforcing and licensing proprietary rights (including, without limitation, patents, copyrights and trade secrets);
- (d) Internal Company personnel and financial information, lists or other documents which identify vendor names and other vendor information (including vendor characteristics, services and agreements), information concerning the identification and nature of goods or services provided by vendors, purchasing and internal cost information, internal service and operational manuals, and the manner and methods of conducting Company's business;
- (e) Business, marketing and development plans, price and price discounting policies and practices, price and cost data, price and fee amounts, pricing and billing policies, quoting procedures, marketing techniques and methods of obtaining business, forecasts and forecast assumptions and volumes, and future plans and potential strategies of Company which have been or are being discussed;
- (f) Names, lists or compilations of customers or clients and their representatives, contracts and their contents and parties, customer or client services, and the type, quantity, specifications and contents of products and services purchased, leased, licensed or received by customers or clients of Company;
- (g) Information provided to Company by any individual or entity;
- (h) Contracts with, or developed by Company for use with customers, agents, vendors of Company, or any other individual or entity, including without limitation, the terms and conditions thereof;
- (i) Any and all materials printed by or for Company and utilized by Company in any manner in the conduct of its business;
- (j) All information generated by computer software utilized by Company in the conduct of its business;
- (k) Company's computer data bases and any information going into or coming out of Company's computers;

(l) Information concerning Company's customers, including but not limited to customer identity, customer needs and products and/or services requirements, specific products and quantities of same purchased by customers, specific prices paid for Company's products and services by customers, specific quantities of Company's products and services purchased by customers, commissions paid on the sales made to customers, payment history of customers, identification of and all information concerning the buyers (purchasing agents) employed by the customers, histories of customer purchases, all notes or memoranda containing any customer information, and all information concerning customers, customer lists (which shall be deemed to mean any printed material containing, relating to or referring to any customer or customer information), price books, prices, price lists, price calculations, i.e., any information having to do with the prices Company charges its customers for Company's products;

(m) Any and all information concerning Company's personnel, whether sales or in-house personnel; any and all information concerning commissions and/or other compensation and/or bonuses paid to Employees; any and all information concerning the effectiveness of, volume of sales made by, and profitability of sales made by each Company Employee responsible for making sales; Company's sales strategies, sales procedures, promotion of sales and sales proposals and/or bids and/or any information concerning Company's solicitation for and sales of its products and services; general price lists, special price lists, e.g., for "national accounts" or other favored customer accounts; all other information and/or data relating in any manner to Company and/or its business which is learned of and/or which comes into the possession of Employee and/or any other Company employee while employed by Company; all information utilized by Employee and/or any other Company employee while employed by Company, irrespective of when or through what or whom learned of. Company's Confidential Information includes, but is not limited to, information that Employee would not have learned of but for his/her employment by Company.

Employee agrees that each, every and all of the above listed specific items of Company's Confidential Information are and shall be deemed trade secrets in accordance with the definitions of trade secrets stated in comment b to the Restatement (First) of Torts § 757 ("Restatement") and the Uniform Trade Secrets Act ("UTSA"). Employee further agrees that such trade secrets are and shall be deemed to be Company's Confidential Information. Employee agrees that such Confidential Information shall be protectable by Company as its trade secret(s) and/or confidential information notwithstanding that, technically, any given specific item of Confidential Information, at issue, may not satisfy the definition(s) of trade secrets as stated above or as contained in the Restatement or UTSA. Employee agrees that it is the intent of this *Agreement* and is the intent of Employee, and in light of the consideration paid by Company to Employee for his/her entering into this *Agreement*, that this *Agreement* shall be fully enforceable and the specific items of Confidential Information as stated herein shall be protectable by injunctive relief, among other remedies, even though such items do not rise to the dignity of trade secret(s) as defined by the Restatement, UTSA or by any other law(s) of the State of Texas. Confidential Information shall not include information publicly known other than as a result of a disclosure by Employee in breach of this *Agreement*. The phrase "publicly known" shall mean readily accessible to the public, or others engaged in the industry(ies) in which Company engages, in a written publication and shall not include information which is only available by a substantial searching of the published literature or information the substance of which must be pieced together from a number of different publications and sources, or by focused searches of literature guided by Confidential Information. The burden of proving that information is not confidential or secret shall be on the party asserting such exclusion. For purposes of this *Agreement*, the following definitions shall apply: (a) "Company" shall be deemed to mean and refer to the entity named in the first paragraph hereof; (b) "Parent" shall be deemed to mean and refer to any corporation which, directly or indirectly, controls Company or the referred to subsidiaries through ownership or control of at least 80% of the authorized, issued and outstanding shares of the common voting stock of Company or each of such subsidiaries; (c) the word "Affiliates" includes Company's Parent (if any) and subsidiaries of Company or Company's Parent (if any). The obligations of Employee as to paragraphs 3, 4, 5, 6 and 7 hereof shall apply to Company and its Affiliates, in which case such Affiliates shall be deemed to be third party beneficiaries of such paragraph. The obligations of Company under this *Agreement* shall not apply to such Affiliates.

4. Covenants of Employee. As a consequence of Employee's acquisition or anticipated acquisition of Confidential Information, Employee will occupy a position of trust and confidence with respect to Company's affairs and business. Employee acknowledges that Company's Confidential Information is/are valuable, special and unique assets of Company, which Company uses in its business to obtain competitive advantage over its competitors that do not know or use such information. In view of the foregoing and of the consideration being provided to Employee by Company for the execution of this *Agreement*, Employee agrees that it is reasonable and necessary that Employee make the following covenants. Employee does hereby covenant and agree as follows:

- (a) That he/she will at all times keep in strict confidence, and will not, either directly or indirectly (other than in the regular course of Company's business), copy, transfer, make known, divulge, reveal, furnish, make available for use, disclose, publish, make available to others, misappropriate or use, at any time, any of Company's Confidential Information; and
- (b) That he/she will safeguard all of Company's Confidential Information at all times so that it, or any of it, is not exposed to, or taken by, unauthorized persons, and Employee shall exercise his/her best efforts at all times to assure such Confidential Information's safekeeping, confidentiality and secrecy; and
- (c) That the prohibitions against Employee regarding Company's Confidential Information contained in this paragraph 4, include but are not limited to, disclosing the fact that any similarity exists between the Confidential Information and information independently developed by any third party, and Employee understands that such similarity does not excuse Employee from abiding by his or her covenants or other obligations under this *Agreement*.
- (d) That the prohibitions against Employee's use, copying or transfer of Confidential Information includes, but is not limited to, selling, licensing or otherwise exploiting, directly or indirectly, any products or services (including data bases, written documents and software in any form) which embody or are derived from Confidential Information, or exercising judgment in performing analyses based upon knowledge of Confidential Information.
- (e) That the certain *Employment Agreement* entered into by and between Company and Employee (as of dates below) is incorporated herein and hereat by reference for all pertinent purposes and such *Employment Agreement* and all of its terms and provisions shall be ancillary to this Agreement and shall be deemed a part hereof and shall be enforceable hereunder separate and distinct from its enforceability as a separate agreement, e.g., it shall be enforceable as a separate and distinct agreement as well as being enforceable as a part hereof and shall be deemed to be ancillary to this *Agreement*.

5. Return of Confidential Material. Employee shall turn over to Company all originals and copies of materials containing Confidential Information in the Employee's possession, custody, or control upon request or upon termination of the Employee's employment with Company. Upon termination of his/her employment with Company, Employee agrees to attend a termination interview with one of Company's executive officers to confirm turnover of such materials and to discuss any questions Employee may have about his/her continuing obligations under this *Agreement*.

6. Inventions. Any and all inventions, products, discoveries, improvements, copyrightable works, trademarks, service marks, ideas, processes, formulae, methods, designs, techniques or trade secrets (collectively hereinafter referred to as "*Inventions*") made, developed, conceived or resulting from work performed by Employee (alone or in conjunction with others, during regular hours of work or otherwise) while Employee is employed by Company and which may be directly or indirectly useful in, or related to, the business of Company (including, without limitation, research and development activities of Company), or which are made using any equipment, facilities, Confidential Information, materials, labor, money, time or other resources of Company, shall be promptly disclosed by Employee to one of Company's executive officers, and shall be deemed Confidential Information for purposes of this *Agreement*, and shall be Company's exclusive property. Employee shall, upon Company's request, execute any documents and perform all such acts and things which are necessary or advisable in the opinion of Company to cause issuance of patents to, copyrights for, or otherwise obtain recorded protection of rights to intellectual property for, Company with respect to *Inventions* that are to be Company's property under this Section, or to transfer to and vest in Company full and exclusive right, title and interest in and to such *Inventions*; provided, however, that the expense of securing any such protection of right to *Inventions* shall be borne by Company. In addition, Employee shall, at Company's expense, assist Company in any proper manner in enforcing any inventions that are to be or become Company's property hereunder against infringement by others. Employee shall keep confidential and will hold for Company's sole use and benefit any invention that is to be Company's exclusive property under this Section for which full recorded protection of right has not been or cannot be obtained.

7. **Non-Interference With Company's Employees.** During Employee's employment with Company, and for a period of 18 months immediately following Employee's termination (voluntary or otherwise), Employee shall not, directly or indirectly: (a) induce, or aid others to induce, any Company employee to terminate his or her employment with Company; (b) induce any Company employee to do, or not do, as the case may be, anything which violates his/her oral or written employment agreement with Company; (c) hire, attempt to hire, contact or solicit with respect to hiring any employee of Company. Moreover, in recognition of the status of the compensation and effectiveness of Company employees as Confidential Information, Employee shall not solicit or aid others to solicit Company employees for, or offer to them, competitive employment. Additionally, Employee agrees not to interfere with the business of Company in any manner including, without limitation, inducing any consultant or independent contractor to terminate or modify such person's relationship with Company. For purposes of this paragraph 7, "Employee" shall be deemed to mean agents, servants, representatives and other individuals having an employer/employee relationship with Company or who had such a relationship with Company within the 12 months preceding the commencement of the restricted activities of Employee as stated above.

8. **Consideration For This Agreement.** In addition to the employment, or continued employment, of the Employee by Company, and in addition to the mutual covenants and promises of the parties contained herein, Company shall, contemporaneous with the execution of this *Agreement* by Employee, or within thirty days thereafter, pay to Employee additional and special consideration of a one-time cash payment of \$1,000.00 as additional and special consideration to support the covenants and agreements of Employee contained herein. Such \$1,000.00 is paid for both this *Agreement* and the *Confidentiality Agreement*.

9. **Employee's Certification.** Employee HEREBY CERTIFIES THAT:

- (A) EMPLOYEE RECEIVED A COPY OF THIS *AGREEMENT* AND THE *EMPLOYMENT AGREEMENT* FOR REVIEW AND STUDY BEFORE HE/SHE WAS ASKED TO EXECUTE THEM;
- (B) EMPLOYEE HAS READ SUCH AGREEMENTS CAREFULLY;
- (C) EMPLOYEE HAS HAD SUFFICIENT OPPORTUNITY BEFORE HE/SHE EXECUTED SUCH AGREEMENTS TO ASK QUESTIONS ABOUT NOT ONLY COMPANY, BUT ALSO THE PROVISIONS OF SUCH AGREEMENTS AND THAT IF HE/SHE ASKED SUCH QUESTIONS HE/SHE RECEIVED COMPLETE AND SATISFACTORY ANSWERS TO SAME;
- (D) EMPLOYEE HAS BEEN AFFORDED THE OPPORTUNITY TO DISCUSS AND REVIEW THIS *AGREEMENT* AND THE *EMPLOYMENT AGREEMENT* WITH AN ATTORNEY OF HIS/HER CHOICE;

- (E) EMPLOYEE UNDERSTANDS WHAT HIS/HER RIGHTS ARE UNDER THE AGREEMENTS AS WELL AS HIS/HER OBLIGATIONS, ESPECIALLY THE ANCILLARY COVENANTS; AND
- (F) EMPLOYEE HAS READ AND UNDERSTANDS EACH AND EVERY PROVISION OF THE AGREEMENTS AND DOES HEREBY ACCEPT AND AGREE TO THE SAME.

IN WITNESS WHEREOF, Employee herewith affixed his/her hand and Company has caused this Agreement to be executed by a duly authorized officer, all on the day and year below mentioned.

Date: 07/24/00

Employee:

/s/ Mark Hilz

Signature

Mark T. Hilz

Printed Name

Company:

/s/ James H. Long

James H. Long,

Chairman Of The Board Of Directors

Date _____