

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW HAMPSHIRE**

T-Peg, Inc. and Timberpeg East, Inc.)	
)	
Plaintiff,)	
)	
v.)	No. C-03-462-M
)	
Vermont Timber Works, Inc. and Douglas Friant)	
)	
Defendants.)	
)	

AFFIDAVIT OF RICHARD NERONI

I, Richard Neroni, on oath depose and say that:

1. I am a Director of T-Peg, Inc. and Chief Operating Officer for Timberpeg East, Inc. In these capacities, I oversee and am familiar with the relationship between T-Peg, Inc. and its subsidiaries and related companies, and their businesses.

2. TIMBERPEG® is a federally registered trademark used by a family of companies to promote, design, manufacture and sell TIMBERPEG® brand post and beam home packages. T-Peg, Inc. owns the TIMBERPEG® trademark.

3. T-Peg, Inc. licenses the TIMBERPEG® trademark to a group of related companies, all owned by T-Peg, Inc. These related companies include Timberpeg East, Inc., Timberpeg Pacific, Inc., Timberpeg South, Inc., Timberpeg West, Inc., and Timberpeg Services, Inc. These Timberpeg companies use the TIMBERPEG® trademark for the purpose of effectuating sales of TIMBERPEG® product. The related companies use the trade name, Timberpeg, to promote their common business.

4. Timberpeg East, Inc. is a wholly owned subsidiary of T-Peg, Inc., and is responsible for sales of TIMBERPEG® product in the northeast United States.

Timberpeg Services, Inc., also a wholly owned subsidiary of T-Peg, Inc., provides design, drafting and manufacturing services to Timberpeg East as well as other related Timberpeg companies operating in regions other than the northeast. Timberpeg Services operates solely for the benefit of Timberpeg companies and does not independently provide services to the general public or any unrelated companies.

5. T-Peg, Inc. and Timberpeg East share a common goal of promoting and selling TIMBERPEG® product – post and beam home packages. Consequently, T-Peg, Inc. and Timberpeg East and Timberpeg Services have contractual agreements which define their relationship. For example, T-Peg, Inc. and Timberpeg East operate under an agreement that provides that T-Peg, Inc. shall co-own all copyrightable and copyrighted material produced or acquired by Timberpeg East, including the right and authority to register the copyright for any such material. The agreement makes clear, however, that Timberpeg East co-owns such material. Although I searched my files, I could not locate a signed copy of the contract. An unsigned copy is attached to this affidavit as Exhibit 1. For the past 20 years, T-Peg, Inc. and Timberpeg East have been operating consistent with these terms.

6. In addition, through contractual arrangements, Timberpeg Services provides services to Timberpeg East, for which Timberpeg East pays. An example of such a contract is attached to this Affidavit as Exhibit 2.

FURTHER AFFIANT SAYETH NOT.

Dated: June 1, 2007

/s/ Richard Neroni
Richard Neroni

STATE OF NEW HAMPSHIRE
COUNTY OF GRAFTON

Personally appeared before me this 1st day of June, 2007, the above-named Richard Neroni, and swore that the above information is true and correct to the best of his knowledge and belief.

/s/ Steven S. Woods
Notary Public

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EXHIBIT 1

CONTRACT

Timberpeg East, Inc., a New Hampshire corporation, and T-Peg, Inc., a New Hampshire corporation, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, do agree and contract as follows:

1. Timberpeg East, Inc., a T-Peg, Inc. authorized licensee with authority to market and sell the TIMBERPEG® brand product line, conveys and assigns to T-Peg, Inc. co-ownership and co-claimant rights to any and all copyrightable/copyrighted material produced or acquired by Timberpeg East. Timberpeg East also conveys and assigns to T-Peg, Inc. full and complete authority to use, convey, and license said copyrightable/copyrighted material to promote the marketing, sale, design, and manufacture of the TIMBERPEG® brand product line. Timberpeg East further conveys and assigns to T-Peg, Inc. full and complete authority to register the copyright on any said copyrightable/copyrighted material in the name of T-Peg, Inc. and Timberpeg East, Inc.
2. T-Peg, Inc. conveys and assigns to Timberpeg East the non-exclusive right to use T-Peg, Inc.'s copyrightable/copyrighted material to promote the marketing and sale of the TIMBERPEG® brand product line.
3. Unless terminated by either party in writing, this Contract shall automatically annually renew.

TIMBERPEG EAST, INC.

Dated: _____

By:
Its:
Duly Authorized

T-PEG, INC.

Dated: _____

By:
Its:
Duly Authorized

TIM000888

EXHIBIT 2

SERVICE AGREEMENT

1. *Introduction.* Agreement dated January 1, 1994 by and between T-Peg, Inc. (T-Peg), with offices at West Lebanon, New Hampshire, and Timberpeg East, Inc. (TEI) with offices at Claremont, New Hampshire.

2. *Retention and Description of Services.* During the term of this Agreement, T-Peg will furnish services as requested by TEI. The services will relate to work being done or planned by TEI in the field of designing, manufacturing, and marketing TIMBERPEG® brand pre-cut post and beam home kits. The services will be within T-Peg's area of technical competence and may include the following: product design services (not including stamped architectural or engineered plans), product manufacturing services, customer relations services, customer contract administration and record keeping services, safety consultative services, quality control consultative services, product pricing services, product documentation services, and product evaluation services.

3. *Term of Agreement.* T-Peg's services shall be available to TEI on a calendar year basis beginning January 1, 1994. The Agreement shall automatically renew at the start of each subsequent calendar year unless either party terminates the Agreement pursuant to Paragraph 9.

4. *Where Services Are to Be Performed.* T-Peg's services may be performed at T-Peg's offices in West Lebanon or Claremont, New Hampshire, TEI's facilities in Claremont, New Hampshire, and/or such other places that may be appropriate and are mutually agreed to by T-Peg and TEI.

5. *Compensation and Reimbursement of Travel Expenses.* TEI will pay T-Peg a service fee that will be established at the beginning of each calendar year on an estimated basis and subsequently modified/adjusted at the end of the calendar year based upon an assessment of actual activity, the circumstances regarding the demand for services, and other related factors. The service fee shall be payable at the end of each month in which T-Peg furnishes services pursuant to this Agreement. TEI will reimburse T-Peg for all authorized expenses incurred by T-Peg for travel required in connection with furnishing services under this Agreement.

6. *T-Peg is an Independent Contractor.* T-Peg will furnish T-Peg's services as an independent contractor and not as an employee of TEI. T-Peg has no power or authority to act for, represent, or bind TEI or any company affiliated with TEI in any manner unless TEI so consents in writing. T-Peg is not entitled to any benefits afforded to TEI's regular employees or those of TEI's affiliated companies. If TEI or any of its affiliated companies is required to pay or withhold any taxes or make any other payment with respect to fees payable to T-Peg, T-Peg will reimburse TEI or the affiliated company in full for taxes paid, and permit TEI to make deductions for taxes required to be withheld from any sum due T-Peg.

7. *T-Peg Not to Engage in Conflicting Activities.* During the term of this Agreement, T-Peg will not enter into any activity, employment, or business arrangement that conflicts with TEI's interests or T-Peg's obligations under this Agreement. TEI acknowledges and agrees that

Service Agreement

T-Peg may enter into similar service agreements with other companies associated with TIMBERPEG® brand post and beam homes. In view of the sensitive nature of T-Peg's status and notwithstanding the notice provision of Section 9, TEI shall have the option to terminate this Agreement immediately at any time if, in TEI's sole judgment, a conflict of interest exists or is imminent. T-Peg will advise TEI of its position with respect to any activity, employment, or business arrangement contemplated by T-Peg that may be relevant to this Paragraph. For this purpose, T-Peg agrees to disclose any such plans to TEI prior to implementation.

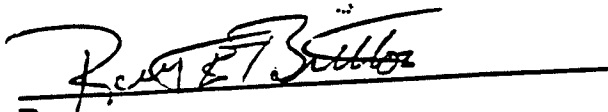
8. *Proprietary Information.* T-Peg will treat as proprietary any information belonging to TEI, its affiliated companies, or any third parties, that is disclosed to T-Peg in the course of T-Peg's services. T-Peg assigns and agrees to assign to TEI or its nominee all rights in inventions or other proprietary information, including, but not limited to, copyright interests conceived by T-Peg during the term of this Agreement with respect to any work that T-Peg performs under this Agreement.

9. *Termination of Agreement by Notice.* Either party may terminate this Agreement upon 30 days' notice by registered or certified mail, return receipt requested, addressed to the other party. If this Agreement is terminated by either party, TEI shall only be liable for payment of service fees earned as a result of work actually performed prior to the effective date of the termination. The 30 days' notice shall be measured from the date the notice is posted.

10. *Governing Law.* This Agreement is subject to and shall be interpreted in accordance with the laws of the State of New Hampshire.

Agreed and Accepted:

Timberpeg East, Inc.
PO Box 1500
Claremont, NH 03743
(TEI)



By:
Its:
Duly Authorized

T-Peg, Inc.
112 N. Main Street
West Lebanon, NH 03784
(T-Peg)



By:
Its:
Duly Authorized

SERVICE AGREEMENT

1. *Introduction.* Agreement dated January 1, 1994 by and between Timberpeg Design Services Division (TDS), with offices at West Lebanon, New Hampshire, and Timberpeg East, Inc. (TEI) with offices at Claremont, New Hampshire.

2. *Retention and Description of Services.* During the term of this Agreement, TDS will furnish services as requested by TEI. The services will relate to work being done or planned by TEI in the field of designing, manufacturing, and marketing TIMBERPEG® brand pre-cut post and beam home kits. The services will be within TDS's area of technical competence and may include the following: product design services (not including stamped architectural or engineered plans), product manufacturing services, customer relations services, customer contract administration and record keeping services, safety consultative services, quality control consultative services, product pricing services, product documentation services, and product evaluation services.

3. *Term of Agreement.* TDS's services shall be available to TEI on a calendar year basis beginning January 1, 1994. The Agreement shall automatically renew at the start of each subsequent calendar year unless either party terminates the Agreement pursuant to Paragraph 9.

4. *Where Services Are to Be Performed.* TDS's services may be performed at TDS's offices in West Lebanon, New Hampshire, TEI's facilities in Claremont, New Hampshire, and/or such other places that may be appropriate and are mutually agreed to by TDS and TEI.

5. *Compensation and Reimbursement of Travel Expenses.* TEI will pay TDS a service fee that will be established at the beginning of each calendar year on an estimated basis and subsequently modified/adjusted at the end of the calendar year based upon an assessment of actual activity, the circumstances regarding the demand for services, and other related factors. The service fee shall be payable at the end of each month in which TDS furnishes services pursuant to this Agreement. TEI will reimburse TDS for all authorized expenses incurred by TDS for travel required in connection with furnishing services under this Agreement.

6. *TDS is an Independent Contractor.* TDS will furnish TDS's services as an independent contractor and not as an employee of TEI. TDS has no power or authority to act for, represent, or bind TEI or any company affiliated with TEI in any manner unless TEI so consents in writing. TDS is not entitled to any benefits afforded to TEI's regular employees or those of TEI's affiliated companies. If TEI or any of its affiliated companies is required to pay or withhold any taxes or make any other payment with respect to fees payable to TDS, TDS will reimburse TEI or the affiliated company in full for taxes paid, and permit TEI to make deductions for taxes required to be withheld from any sum due TDS.

7. *TDS Not to Engage in Conflicting Activities.* During the term of this Agreement, TDS will not enter into any activity, employment, or business arrangement that conflicts with TEI's interests or TDS's obligations under this Agreement. TEI acknowledges and agrees that TDS may enter into similar service agreements with other companies associated with

Service Agreement

TIMBERPEG® brand post and beam homes. In view of the sensitive nature of TDS's status and notwithstanding the notice provision of Section 9, TEI shall have the option to terminate this Agreement immediately at any time if, in TEI's sole judgment, a conflict of interest exists or is imminent. TDS will advise TEI of its position with respect to any activity, employment, or business arrangement contemplated by TDS that may be relevant to this Paragraph. For this purpose, TDS agrees to disclose any such plans to TEI prior to implementation.

8. *Proprietary Information.* TDS will treat as proprietary any information belonging to TEI, its affiliated companies, or any third parties, that is disclosed to TDS in the course of TDS's services. TDS assigns and agrees to assign to TEI or its nominee all rights in inventions or other proprietary information, including, but not limited to, copyright interests conceived by TDS during the term of this Agreement with respect to any work that TDS performs under this Agreement.

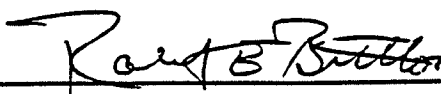
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10. *Governing Law.* This Agreement is subject to and shall be interpreted in accordance with the laws of the State of New Hampshire.

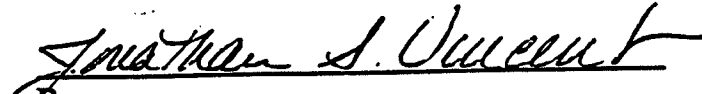
Agreed and Accepted:

Timberpeg East, Inc.
PO Box 1500
Claremont, NH 03743
(TEI)

Timberpeg Design Services Division
112 N. Main Street
West Lebanon, NH 03784
(TDS)



By:
Its:
Duly Authorized



By:
Its:
Duly Authorized