

CHANNEL PARTNER AGREEMENT

This Channel Partner Agreement (the "Agreement") is made as of the date set forth on the signature page (the "Effective Date") by and between NetCom Systems, Inc., a New Jersey corporation (the "Company") having a principal place of business at 200 Metroplex Drive, Edison, NJ 08817-2600 and _____, a _____ corporation (the "Channel Partner") having a principal place of business at _____.

In consideration of the mutual promises and covenants contained in this Agreement, the parties agree as follows:

1. **DEFINITIONS.**

Capitalized terms used in this Agreement have the meanings given to them in this Section 1 (the "Definitions") or as otherwise specified in this agreement.

- 1.1. "AAA" shall have the meaning set forth in Section 15.5.
- 1.2. "Business Plan" means the Channel Partner and Company prepared document, as it may be amended from time to time, which defines market opportunities, sales and technical resources required, marketing program activities, business development requirements, Minimum Annual Volume objectives, Minimum Quarterly Volume objectives and value added by the Channel Partner.
- 1.3. "Certification" shall have the meaning set forth in the VAR Addendum.
- 1.4. "Company Marks" shall have the meaning set forth in Section 14.1.
- 1.5. "Confidential Information" shall have the meaning set forth in Section 7.1.
- 1.6. "Customer" means any third party which is a customer of the Company.
- 1.7. "Delivering Party" shall have the meaning set forth in Section 13.1.
- 1.8. "Disclosing Party" shall have the meaning set forth in Section 7.2.
- 1.9. "Dispute Notice" shall have the meaning set forth in Section 13.1.
- 1.10. "Effective Date" shall mean the date of execution of this Agreement by the Channel Partner as set forth on the signature page attached hereto.
- 1.11. "Fees" shall have the meaning set forth in Section 5.1.
- 1.12. "Initial Contact" means the date that a party first contacted a Prospective Customer regarding the provision of security management services by the Company.
- 1.13. "Master Services Agreement" means the agreement to be executed by the Company and a Customer for the Company to provide certain security management services to such Customer.
- 1.14. "Minimum Annual Volume" means the total number of devices subject to Services and Deliverables, as set forth in the VAR Addendum, which the Channel Partner commits to during a given twelve (12) month sales period.
- 1.15. "Minimum Quarterly Volume" means the total number of devices subject to Services and Deliverables, as set forth in the VAR Addendum, which the Channel Partner commits to during a given three (3) month sales period.
- 1.16. "Non-Arbitrable Claims" shall have the meaning set forth in Section 15.5.
- 1.17. "Notified Party" shall have the meaning set forth in Section 13.1.
- 1.18. "Prospective Customer" shall have the meaning set forth in Section 10.3.
- 1.19. "Qualified Lead" means a communication with a potential customer regarding the provision of certain security management services by the Company to, and a non-negative response from, a person at such potential Customer that has decision making power with respect to entering into a Master Services Agreement with the Company for such services.
- 1.20. "Receiving Party" shall have the meaning set forth in Section 7.2.
- 1.21. "Response Notice" shall have the meaning set forth in Section 13.2.
- 1.22. "Services" mean the security management services provided by the Company to Customers, including, but not limited to, security monitoring, maintenance, management, analysis, notification, reporting and/or incident response, all as

more particularly described in any Statements of Work and SOW Amendments entered into by the Company and a Customer pursuant to a Master Services Agreement.

1.23. "SOW Amendment" means an amendment to the Statement of Work pursuant to the terms and conditions of the Master Services Agreement.

1.24. "Statement of Work" means a document executed by the Company and the Customer pursuant to the terms and conditions of a Master Services Agreement which contains a description of the security management services to be provided by the Company to such Customer and any and all fees associated with such services.

1.25. "VAR" means a Channel Partner authorized to sell Services and Deliverables to a Customer.

1.26. "VAR Addendum" means the Value Added Reseller Addendum attached hereto as Appendix A.

2. APPOINTMENT.

The Company hereby appoints the Channel Partner as a non-exclusive authorized VAR, in the Territory, for the brokering of Services and Deliverables subject to and governed by the terms of the VAR Addendum attached hereto as Appendix A. The Channel Partner may not broker, offer for sale or sell Services and Deliverables provided by a competitor of the Company.

3. REQUIREMENTS AND RESPONSIBILITIES.

3.1. **Business Plan.** The Channel Partner shall provide to the Company, and the parties shall mutually develop and agree on a Business Plan, which shall be incorporated by reference into this Agreement and attached hereto as Appendix C, and which shall be updated quarterly in furtherance of providing best efforts to achieving or exceeding the Minimum Annual Volume and Minimum Quarterly Volume objectives contained in the VAR Addendum. Failure of the Channel Partner to meet the Minimum Annual Volume and/or Minimum Quarterly Volume specified in Appendix A may result in re-Certification of the Channel Partner as determined by the Company at its reasonable discretion.

3.2. **Best Efforts.** Channel Partner agrees to utilize its best efforts to market and promote the Services and Deliverables of the Company to Customers, Prospective Customers and potential customers, to locate, contact, and solicit, on the Company's behalf, potential customers, to generate and develop Qualified Leads, to assist in negotiations with such potential and Prospective Customers and to solicit additional customers, including without limitation, promoting the Services and Deliverables on the Channel Partner's web site, featuring the Services and Deliverables in any applicable

marketing campaign conducted by the Channel Partner, at any trade show attended by the Channel Partner and promoting the Services and Deliverables in any marketing materials produced by or for the Channel Partner. Channel Partner and the Company will work together to identify potential customers and the Company will assist the Channel Partner, at the Company's discretion based on availability of resources, in presenting the Services and Deliverables available from the Company to Customers and Prospective Customers. Channel Partner agrees to assist the Company in assessing general requirements for the Services and Deliverables and modifications and improvements thereto, in terms of quality, design, functional capabilities and other features.

4. REPORTS.

4.1. **Reports.** The Channel Partner will provide the Company with a monthly sales pipeline report, listing the potential customers and Prospective Customers the Channel Partner is engaged with and has contacted on the Company's behalf, the status of discussions and/or negotiations with each and additional information about each Qualified Lead and the relevant Prospective Customer, including, but not limited to, contact information, date of Initial Contact, status of any discussions and/or negotiations, any other information available to the Channel Partner about such Prospective Customer, in a format to be mutually agreed upon by the parties and as further specified in Appendix A.

4.2. **Forecasts.** Each calendar quarter Channel Partner shall provide a non-binding forecast of its Services and Deliverables projections, by month for the following three (3) quarters. The Company and the Channel Partner may review the Channel Partner's performance under the Agreement on a quarterly basis. Such performance reviews shall include, without limitation, Channel Partner's volume of Customers, Prospective Customers and sales and marketing activities relating to Services and Deliverables, fulfillment of Channel Partner's responsibilities and obligations, and achievement of the targets and milestones as set forth in its Business Plan.

5. FEES.

5.1. **Fees for Services.** In the event that a potential Customer introduced to the Company by the Channel Partner executes a Master Services Agreement with the Company, the Company shall pay the Channel Partner, for each Statement of Work and SOW Amendment executed pursuant to such Master Services Agreement, the amounts set forth in the VAR Addendum, or any amendment thereto as the Company may issue in its sole discretion from time to time, for each of the Services provided to such Customer pursuant to such Statement of Work and/or SOW Amendment (each, a "Fee" and collectively, the "Fees"); provided, however, that the obligation to pay any Fee to the Channel Partner hereunder

shall terminate in the event the underlying Statement of Work and/or SOW Amendment terminates for any reason.

5.2. **Payment of Fees.** The Company shall pay each Fee owed to the Channel Partner hereunder within thirty (30) calendar days of receipt of payment of the corresponding amount from the applicable Customer. All Fees shall be paid in U.S. dollars.

5.3. **Taxes.** The Channel Partner is responsible for the payment of all taxes which arise from the performance of the Services and the receipt of the Fees hereunder.

5.4. **Fee Disputes.** Any disputes by the parties relating to any amount, accrual or payment of any fees, expenses and/or invoices shall be resolved pursuant to Section 13 hereof.

6. TRAINING AND SUPPORT SERVICES.

Channel Partner agrees to provide access to its personnel for training by the Company as provided in the VAR Addendum. The specific training requirements are contained in the VAR Addendum.

7. CONFIDENTIAL INFORMATION.

Each of the Channel Partner and the Company agrees that any disclosure and/or return of information by a party under this Agreement shall be governed by the Non-Disclosure Agreement dated _____ by and between the parties which is incorporated herein by reference, and will maintain the confidentiality of each others' Confidential Information as provided therein. All right, title and interest in and to the Disclosing Party's Confidential Information and all intellectual property rights therein shall remain with the Disclosing Party.

8. INDEMNITY.

Each party shall indemnify and hold harmless the other party, its officers, agents and employees from and against any claims, demands, or causes of action whatsoever, including without limitation those caused by any negligent act or omission or unlawful misconduct of such party, its subsidiaries or their officers, or employees, agents or representatives, resulting in any loss of or damage to any property or injury or death of any person as a result of any breach by such party of any representation, warranty, covenant or any other term of this Agreement.

9. LIMITATION ON LIABILITY.

9.1. **No Consequential Damages.** IN NO EVENT SHALL THE COMPANY BE LIABLE TO THE CHANNEL PARTNER, ANY CUSTOMER OR ANY OTHER PERSON OR ENTITY FOR ANY SPECIAL, CONSEQUENTIAL,

INCIDENTAL, INDIRECT, EXEMPLARY OR PUNITIVE DAMAGES, HOWEVER CAUSED, ARISING OUT OF THIS AGREEMENT, THE PERFORMANCE OF THE SERVICES BY THE COMPANY FOR THE CUSTOMER OR THE PROVISION OF THE DELIVERABLES BY THE COMPANY FOR THE CUSTOMER, REGARDLESS OF THE FORM OF ACTION, WHETHER FOR BREACH OF CONTRACT, BREACH OF WARRANTY, TORT, NEGLIGENCE, STRICT PRODUCT LIABILITY, INFRINGEMENT OR OTHERWISE (INCLUDING, WITHOUT LIMITATION, DAMAGES BASED ON WILLFULNESS, LOSS OF PROFITS, DATA, FILES, OR BUSINESS OPPORTUNITY), AND WHETHER OR NOT THE COMPANY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THIS LIMITATION SHALL APPLY NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY PROVIDED HEREIN.

9.2. **Liability Cap.** IN NO EVENT SHALL THE COMPANY'S AGGREGATE LIABILITY TO THE CHANNEL PARTNER AND/OR ANY CUSTOMER FOR ALL CLAIMS, WHETHER IN CONTRACT, TORT OR ANY OTHER THEORY OF LIABILITY, EXCEED ANY AMOUNTS PAID BY SUCH CUSTOMER DURING THE PRECEDING TWELVE (12) MONTHS FOR THE SERVICES OR DELIVERABLES THAT GAVE RISE TO SUCH CLAIM. THIS LIMITATION SHALL APPLY NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY PROVIDED HEREIN.

10. NON-COMPETE/NON-SOLICITATION.

10.1. **Non-Compete.** During the term of this Agreement, and for a period of one (1) year immediately following its termination, the Channel Partner agrees not to directly or indirectly solicit, enter into a contractual arrangement with, or perform competing Services or provide competing Deliverables for any Customer, or Prospective Customer, or assist any third party to do the same.

10.2. **Non-Solicitation.** During the term of this Agreement, and for a period of one (1) year immediately following its termination, the Channel Partner agrees not to directly or indirectly solicit or induce any employee or independent contractor of the Company to terminate or breach an employment, contractual or other relationship with the Company.

10.3. **Qualified Leads.** Should a party obtain a Qualified Lead with respect to a potential customer ("Prospective Customer") the other party may not solicit or enter into an agreement with that Prospective Customer for six (6) months from the date of Initial Contact. Should the Prospective Customer not enter into an agreement with the party during

such six (6) month period, such Prospective Customer shall no longer be considered a Prospective Customer and the obligations under this Section 10.3 shall no longer be binding upon the other party. Should such Prospective Customer enter into an agreement with the other party within such six (6) month period or based on a solicitation by the other party during such six (6) month period, if the other party is (i) the Company, then the Channel Partner shall be entitled to receive fees as provided for herein for any Services and/or Deliverables provided to such Prospective Customer pursuant to such agreement, or (ii) the Channel Partner, then the Channel Partner shall not be entitled to receive any fees for any Services and/or Deliverables provided to such Prospective Customer pursuant to such agreement.

10.4. **New Customers.** Should the Company enter into a Master Services Agreement with a Customer introduced to the Company by the Channel Partner pursuant to the terms of this Agreement, for a period of one (1) year after termination of such Master Services Agreement, the Company shall not solicit such Customer. Should such Customer enter into a Master Services Agreement with the Company within such one (1) year period based on a solicitation by the Company during such one (1) year period, then the Channel Partner shall be entitled to receive fees as provided for herein for any services provided to such Customer pursuant to such Master Services Agreement. The Channel Partner may not solicit any Customer of the Company, or any former Customer of the Company for a one (1) year period following termination of the Master Services Agreement between such Customer and the Company.

11. **TERM AND TERMINATION.**

11.1. **Term.** This Agreement shall commence on the Effective Date and shall run for consecutive one (1) year automatically renewable terms; provided, however that either party may terminate this Agreement, upon written notice to the other party of its desire to terminate this Agreement not less than thirty (30) calendar days prior to the end of any term; provided, further, however, that in the event that at the time of such notice there is a Master Services Agreement with a Customer that was introduced to the Company by the Channel Partner and there is a Statement of Work or SOW Amendment pursuant to such Master Services Agreement in effect, the Company will continue to pay the corresponding Fee to the Channel Partner under such Master Services Agreement, Statement of Work and/or SOW Amendment until such Master Services Agreement, Statement of Work and/or SOW Amendment by its own terms terminates.

11.2. **Rights Upon Termination.** Upon termination of the Agreement pursuant to Section 11.1, each party shall, at the other party's discretion, either immediately destroy or return to the other party any and all Confidential Information of the other party in its possession or control and a duly authorized

officer of such party shall certify to the other party in writing that such return and/or destruction, as the case may be, has occurred.

11.3. **Survival.** The rights and obligations contained in Sections 5 (Fees), 7 (Confidential Information), 8 (Indemnity), 9 (Limitation on Liability), 10 (Non-Compete/Non-Solicitation), 11.1 (Term), 11.2 (Rights Upon Termination), 11.3 (Survival), 12 (Non-Exclusive Engagement), 14 (Trademarks; Inventions), 15.5 (Arbitration) and 15.6 (Governing Law) shall survive any termination or expiration of this Agreement.

12. **NON-EXCLUSIVE ENGAGEMENT.**

The Company is engaged in the business of, among other things, providing services, to others, including actual or potential customers of, suppliers to, and competitors with the Channel Partner. The Company's engagement under this Agreement is non-exclusive; and, subject to the Company's adherence to its obligations regarding the Channel Partner's Confidential Information, neither this Agreement nor the Company's engagement hereunder shall prohibit, restrict or limit the Company in any way from providing services to or otherwise engaging in any relationship with any other person or entity, including any actual or potential customers of, supplier to, and competitors with, the Channel Partner.

13. **DISPUTE RESOLUTION.**

13.1. **Notification.** In the event of any dispute arising out of or relating to this Agreement, the designated project manager of either party (referred to for convenience in this Section as the "Delivering Party") shall notify the designated project manager of the other party (referred to for convenience in this Section as the "Notified Party") and, when applicable, the Customer involved in such dispute, in writing of the dispute, specifying such dispute in reasonable detail (the "Dispute Notice").

13.2. **Response.** The Notified Party shall respond to the Dispute Notice in writing within ten (10) business days of receipt thereof (the "Response Notice"), suggesting at least three (3) alternative times and places for discussing a resolution of the dispute. If the parties are unable to agree on a time and place to meet or resolve the dispute after such meeting, the parties shall each be entitled to proceed according to the procedures set forth in Section 15.5.

13.3. **Dispute Resolution Prior to Formal Proceedings.** Each party agrees that the initiation of formal proceedings for resolution of any disputes shall not be commenced until the procedure set forth in this Section 13 has been exhausted.

14. TRADEMARKS; INVENTIONS.

14.1. Any and all trademarks, trade names, logos, service marks, trade dress or other proprietary indicia of the Company (collectively, the "Company Marks") are and shall remain the exclusive property of the Company. The Channel Partner has no rights in and to the Company Marks and may not utilize the Company Marks for any purpose without the prior written consent of the Company. Any unauthorized use or misuse of the Company Marks shall constitute an infringement of the Company's rights in and to the Company Marks and shall constitute a material breach of this Agreement.

14.2. Any and all ideas, inventions, discoveries, know-how, improvements and works of authorship, including, but not limited to, those which are or may be patentable or subject to copyright protection (including, but not limited to, object code, source code, annotations, flow charts and reports) that are created and/or conceived as a result of the performance of the services on behalf of a Customer, are and shall be the sole and exclusive property of the Company.

15. MISCELLANEOUS.

15.1. **Independent Contractor Relationship** The relationship between the parties is that of independent contractors, and nothing in this Agreement is intended to, or should be construed to, create a partnership, agency, joint venture or employment relationship. The Channel Partner will not be entitled to any of the benefits which the Company may make available to its employees, including, but not limited to, group health or life insurance, profit-sharing or retirement benefits. Neither party is authorized to make any representation, contract or commitment on behalf of the other party. The Channel Partner is solely responsible for, filing all tax returns and payments required to be filed with, or made to, any federal, state or local tax authority with respect to the performance of Services and receipt of Fees under this Agreement. No part of the Channel Partner's compensation will be subject to withholding by the Company for the payment of any social security, federal, state or any other employee payroll taxes.

15.2. **Allocation of Risk.** The section on limitation of liability allocates the risks of this Agreement between the parties. This allocation is reflected in the Fees provided hereunder and is an essential element of the basis of the bargain between the parties.

15.3. **No Assignment.** Neither party may assign this Agreement or any rights or obligations under this Agreement without the written consent of the other party, which consent may not be unreasonably withheld. Notwithstanding the foregoing, the Company may assign this Agreement to a third party without such consent, in the event of or in connection

with a merger, reorganization or the sale of all, substantially all or a majority of its assets or voting securities.

15.4. **Notices.** Any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows, with receipt by a party and notice deemed given as indicated: (a) by personal delivery, when delivered personally; (b) by overnight courier, upon written verification of receipt; (c) by telecopy or facsimile transmission, upon acknowledgment of receipt of electronic transmission; or (d) by certified or registered mail, return receipt requested, upon verification of receipt. Notice shall be sent to the Company and the Channel Partner at their respective addresses as set forth above, or to such other address as either party may specify in writing.

15.5. **Arbitration.** Except as to claims or disputes arising out of or relating to Sections 7 and 10 (the "Non-Arbitrable Claims"), any controversy, claim or dispute arising out of or relating to this Agreement, shall be determined by arbitration in Newark, New Jersey before a sole arbitrator. The arbitration shall be administered by the American Arbitration Association ("AAA") pursuant to its then existing Commercial Arbitration rules and procedures. The arbitrator shall be a non-lawyer with employment experience as a software broker or services provider. If the parties are unable to agree on an arbitrator within thirty (30) days of the filing of the demand for arbitration, an arbitrator shall be selected pursuant to the Commercial Arbitration rules and procedures of the AAA. The parties hereto shall be entitled to reasonable discovery (both documentary and depositions) in any such arbitration. The non-prevailing party shall bear all costs and expenses, including attorneys' fees, administrative costs and the fees of the arbitrator in connection with such arbitration. The arbitration award shall be in writing and, shall specify the factual and legal basis for the award and shall be conclusive and final. Judgment on the award may be entered in any of the federal or state courts of the State of New Jersey.

15.6. **Governing Law.** This Agreement shall be governed in all respects by the laws of the State of New Jersey, without giving effect to its internal conflict of law provisions. Each party will voluntarily appear before and hereby consents and submits to the exclusive jurisdiction of the state and federal courts in Newark, New Jersey in connection with any suit, action, proceeding or counterclaim against it arising out of or in any way relating to Non-Arbitrable Claims. In addition, each party consents to venue and hereby waives objections to venue for any such action commenced in such courts related to such Non-Arbitrable Claims and to enforcement of any requirements of Section 15.5 or enforcement of any arbitration decision or award pursuant to Section 15.5. All actions related to or arising out of this Agreement must be brought within one (1) year after the cause of action accrued. Each of the parties hereto irrevocably waives all right to trial by jury in any action, proceeding or counterclaims arising out of or relating

to this Agreement or any other document. The prevailing party in any such litigation or dispute shall be entitled to recover from the other party its costs and fees, including attorneys' fees, associated with such litigation or dispute.

15.7. **Severability.** If any provision of this Agreement is held by a court of law to be illegal, invalid or unenforceable, (i) that provision shall be deemed amended to achieve as nearly as possible the same economic effect as the original provision, and (ii) the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby.

15.8. **Waiver; Amendment; Modification.** No term or provision hereof will be considered waived by either party, and no breach excused by either party, unless such waiver or consent is in writing signed by the party granting such waiver or consent. The waiver by either party of, or consent by either party to, a breach of any provision of this Agreement by the other party, shall not operate or be construed as a waiver of, consent to, or excuse of any other or subsequent breach by such other party. Any written waiver shall not be deemed a continuing waiver unless specifically stated, shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future or as to any act other than that specifically waived. This Agreement may be amended or modified only by mutual agreement of authorized representatives of the parties in writing.

15.9. **Entire Agreement.** This Agreement, the Appendices and the Exhibits attached hereto, which are hereby incorporated herein by reference, constitute the entire agreement between the parties relating to their subject matter and supersede all prior or contemporaneous oral or written agreements concerning such subject matter.

15.10. **Headings.** The section headings appearing in this Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or extent of such paragraph or in any way affect such paragraph.

15.11. **Counterparts.** This Agreement may be executed in counterparts, all of which taken together shall constitute one single agreement between the parties.

15.12. **Construction.** This Agreement has been negotiated by the parties and their respective counsel. This Agreement will be fairly interpreted in accordance with its terms and without any strict construction in favor of or against any party. Any ambiguity will not be interpreted against the drafting party.

15.13. **Use of Channel Partner Name.** The Company will have the right to include the Channel Partner's name on any list of the Company's channel partners and in any materials prepared or distributed for purposes of sales, marketing and/or promotion.

15.14. **Force Majeure.** Neither party shall be liable for nonperformance or delays, under any circumstances, which occur due to any causes beyond its reasonable control. These causes shall include, but shall not be limited to, acts of God, wars, riots, strikes, fires, storms, floods, earthquakes, shortages of labor or materials, labor disputes, broker failures, third party service provider failures, transportation embargoes, acts of any government or agency thereof and judicial actions. In the event of any such delay or failure of performance, the date of delivery or performance shall be deferred for a period equal to the time lost by reason of the delay.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date and the person signing below represents that he/she is duly authorized to sign for and on behalf of the respective party.

COMPANY:

CHANNEL PARTNER:

NETCOM SYSTEMS, INC.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Date: _____

CHANNEL PARTNER AGREEMENT

SECURVIEW SELECT PARTNER

VALUE ADDED RESELLER (VAR) ADDENDUM

Any capitalized terms not defined in this Appendix A shall have the meanings ascribed to them in the Agreement. Channel Partner agrees to add value to the Services and Deliverables that it brokers to Customers in accordance with the approved Business Plan incorporated by reference into the Agreement.

1. Appointment:

Channel Partner has been appointed an authorized broker of the Company's Services and Deliverables.

2. VAR Levels and Minimum Annual Volume and Minimum Quarterly Volume Commitments:

a. Provided Channel Partner fulfills all of its obligations as set forth in the Agreement and this Appendix A, and dedicates best efforts toward the achievement of sales of Services and Deliverables by the Company resulting directly from the Channel Partner's brokering activities hereunder totaling a Minimum Annual Volume of twenty four (24) device commitments and a Minimum Quarterly Volume of six (6) device commitments shall qualify Channel Partner for Certification as a SecurView Select Partner (SSP).

b. Unless otherwise specified below, the twelve (12) month sales period for determining the Minimal Annual Volume and the first quarter for determining the Minimum Quarterly Volume achieved by the Channel Partner shall begin on the Effective Date of the Agreement. In the event the sales of Services and/or Deliverables by the Company resulting directly from the Channel Partner's brokering activities for any annual period falls below the Minimum Annual Volume or for any two consecutive quarters falls below the Minimum Quarterly Volume, the Company reserves the right to modify the Channel Partner's Certification at the end of any annual period and thereafter adjust the Channel Partner's Fees accordingly.

Sales Period	From	To

3. Payments:

For all sales by the Company of Services and/or Deliverables to a Customer pursuant to a Statement of Work or SOW Amendment resulting from the Channel Partner's brokering activities hereunder, the Channel Partner shall receive from the Company the amounts received by the Company from the Customer for such Services and/or Deliverables (as set forth in the Statement of Work and/or SOW Amendment pursuant to which such Services and/or Deliverables is being provided) less the Costs as set forth on the Standard Pricing Schedule attached hereto as Appendix B.

4. Training:

a. The Company shall provide and Channel Partner shall ensure attendance at training for the Channel Partner's sales and technical personnel. Such training shall take place at least once per year at either the Company's or the Channel Partner's facility for a minimum of two (2) sales and one (1) technical personnel of the Channel Partner.

b. The scope of and subject matter covered by the training provided by the Company shall be at the Company's sole discretion. The Company shall provide additional training if requested by the Channel Partner, at such times and locations as determined by the Company in its sole discretion. All travel and other costs and expenses incurred by the Channel Partner and its personnel with respect to any training provided by the Company shall be paid for by the Channel Partner.

5. Additional Responsibilities of Channel Partner:

In addition to the foregoing terms of the Agreement and this Appendix, the Channel Partner shall:

- a. Develop and Submit, with the assistance of the Company, a Business Plan outlining the specific marketing, promotional, sales and other related activities to be undertaken by the Channel Partner independently and/or in conjunction with the Company to achieve or exceed the Minimum Annual Volume and Minimum Quarterly Volume objectives of the Business Plan.
- b. Maintain a sales organization adequate to broker the Services and Deliverables. Channel Partner's organization should be adequate to fully implement the Business Plan and to drive sales through activities such as advertising, marketing, trade show participation, inside sales, and field (outside) sales in order to enhance awareness about the Services and Deliverables and acceptance within the Territory to achieve or exceed the Minimum Annual Volume and Minimum Quarterly Volume objectives of the Business Plan.
- c. Employ full time technical personnel who have been trained and are knowledgeable of the Services and Deliverables and who can provide both pre-sales support to Channel Partner's sales organization, and either contact the Company for pre-sales assistance or post-sales Services and Deliverables for Customers.
- d. Provide monthly reports no later than five (5) business days following the end of the previous calendar month, in the form as shown in Exhibit 1 annexed hereto.
- e. Secure training for the ongoing education and development of all technical support and sales staff. Channel Partner shall make all reasonable efforts to facilitate its employees' attendance at the Company's sponsored training programs.
- f. Satisfy such other requirements as the Company, in its sole discretion, may deem appropriate from time to time. These requirements will be provided to the Channel Partner either electronically or pursuant to one of the methods of notice provided.