



Quatech Q-Partner Program Terms and Conditions

August 2004

The following terms and conditions govern the basis upon which Quatech, Inc. ("Quatech") will appoint a third party to be an approved Q-Partner Reseller ("Reseller") of its data communication solutions.

By submitting the application for the Quatech Q-Partner Program and by continued purchase of Quatech Products either directly or from a Quatech Authorized Distributor as part of the Quatech Q-Partner Program, the applicant attests that it will comply with the following terms and conditions (the "Terms") upon approval or pre-authorization of applicant as a Quatech Q-Partner Program Authorized Reseller.

1. Acceptance

While Quatech reserves the right to accept or refuse third parties as a Reseller in its sole discretion, all Resellers must satisfy the following minimum criteria:

- a. Be an established data communication products reseller, VAR or system integrator in the U.S. Canada, or Mexico
- b. Currently buy or be willing to buy Quatech products direct from Quatech or through an authorized Quatech Distributor
- c. Complete the Q-Partner Program Application

If Quatech has given written notice of its acceptance of a Reseller, the Reseller will be appointed on the condition that it agrees to these terms and conditions. The period of the appointment will commence on the date Quatech has given written notice of its acceptance of the Reseller into the Q-Partner Program and will continue until such appointment is terminated in accordance with these terms and conditions.

2. Reseller's Services

The Reseller shall use reasonable care and skill in performing its obligations under these terms and conditions.

The Reseller shall use reasonable effort to promote and market Quatech's data communication solutions and shall, at all times, act in the best interests of Quatech.

Nothing in this Agreement shall prevent the Reseller from reselling data communication solutions owned by third parties other than Quatech for itself or on behalf of its customers.

The Reseller shall be an independent contractor of Quatech and nothing in this Agreement shall be read so as to construe any relationship of partnership, joint venture or agency between the parties for any purpose whatsoever.

3. Intellectual Property Rights

The Reseller acknowledges and agrees that all intellectual property rights that belong to Quatech will remain the property of Quatech or its licensors and the Reseller will derive no right, title or interest in such intellectual property rights.

Quatech grants to the Reseller a non-exclusive, royalty-free license to use the official Quatech Logo during the period of the Reseller's appointment on its own website and other marketing materials for the sole purpose of promoting and marketing the Quatech data communication solutions. The Reseller shall use the Logo only in the format specified on the Website and shall not merge the Logo with any other trade mark or otherwise interfere with the Logo. Please see Program Benefits, on quatech's website, for more details. All information exchanged between Reseller and Quatech shall be considered confidential.

4. **Levels of Participation**

Resellers in the Q-Partner Program are eligible to achieve certain "Levels of Participation" based on their purchases of Quatech data communication solutions each calendar-year quarter (three-month period, defined as January 1 through March 31, April 1 through June 30, July 1 through September 30, October 1 through December 31). Resellers may earn different benefits depending on their "Level of Participation," as defined below.

Levels of Participation

- Q Partner: less than \$5,000 in Quatech purchases per quarter
- Silver-Q Partner: \$5,000 to \$15,000 in Quatech purchases per quarter
- Gold-Q Partner: \$15,000 or more in Quatech purchases per quarter

Accumulation of purchases toward each quarter's Level of Participation begins for new members on the date of written acceptance by Quatech of the Reseller into the Q-Partner Program, and for existing members on the 1st day of each quarter, as defined above. Delivery need not be completed within the quarter.

Purchases that accumulate toward the "Levels of Participation" are based on net sales volume, including discounts, and may be made directly through Quatech or through any authorized Quatech Distributor. A list of these Distributors will be furnished upon request.

Attainment of Silver-Q and Gold-Q status: Resellers must provide receipts of all Quatech purchases during each quarter through all authorized channels summarizing the total purchases. Receipts must be received by Quatech within 30 days after the end of the quarter for consideration for Reseller to gain Silver-Q or Gold-Q status for the subsequent quarter. Quatech will notify Reseller when they have received the receipts and verified the appropriate "Level of Participation."

In addition, Quatech will maintain a list of active Silver-Q Partners and Gold-Q Partners on its web site at www.quatech.com. Upon reaching Silver-Q Partner or Gold-Q Partner status, Reseller will be eligible for those additional benefits relating to the specific status they have achieved. Silver-Q or Gold-Q status will take effect on the first day of the quarter following the quarter in which Silver-Q or Gold-Q status was achieved, provided Reseller has submitted receipts within the required timeframe.

If Reseller does not achieve the designated level of purchases in a given quarter to retain Silver-Q Partner or Gold-Q Partner status, Quatech reserves the right to re-assign Reseller to the appropriate level of participation for the following quarter.

5. **Termination**

Either party may terminate the appointment of the Reseller into the Quatech Q-Partner Program by giving 30 days written notice to the other.

Quatech may terminate the appointment of the Reseller into the Quatech Q-Partner Program immediately upon written notice to the Reseller if the Reseller:

- in the sole opinion of Quatech, is acting in such a way as to bring the Quatech name or Quatech data communications solutions into disrepute or is otherwise not acting in the best interests of Quatech;
- is in breach of its obligations under these terms and conditions;
- enters into liquidation, bankruptcy, insolvency (whether compulsorily or voluntarily), has a provisional liquidator, a trustee in bankruptcy, a receiver, administrator or administrative receiver appointed over all or a substantial part of its assets or it ceases or threatens to cease carrying on its business.

Upon termination of the Reseller from the Quatech Q-Partner Program, the Reseller shall:

- immediately cease using the Quatech Logo and shall delete it from its website and from all advertising materials;
- immediately cease holding itself out as being a reseller of Quatech or in any way associated with Quatech.

6. **Liability**

Quatech gives no warranty or makes no representation in respect to the Quatech data communication solutions distributed hereunder including, without limitation, the availability of such data communication solutions and hereby excludes, to the fullest extent permitted by law, all conditions, warranties, terms undertakings and representations, express or implied, whether by statute, common law or otherwise in relation to such data communication solutions.

Quatech shall not be liable to the Reseller whether in contract, tort, by statute or otherwise in respect of any loss of profits and/or for any special, indirect, incidental or consequential loss or damage arising out of or in connection with the appointment of the Reseller, the use of the Quatech data communication solutions and any data communication solutions distributed hereunder, including without limitation:

- a. loss of revenue; and/or
- b. loss of anticipated savings; and/or
- c. loss of business and/or goods; and/or
- d. loss of goodwill; and/or
- e. loss of use; and/or
- f. loss and/or corruption of data and/or other information, and/or
- g. downtime; and/or
- h. any damage relating to the procurement by the Reseller or third party customer of any substitute solutions.

Neither the types of loss and/or damage specified in sub-clauses (a) to (h) inclusive of this clause nor any similar types of loss and/or damage shall constitute direct loss for the purposes of this Agreement.

Nothing in this Agreement shall exclude or restrict the liability of either party for fraudulent misrepresentation and/or for death or personal injury arising as a result of the negligence of that party, its officers, employees, agents and/or sub-contractors.

7. **Successors and Assigns**

This Agreement shall be binding only with Reseller and companies owned by Reseller and in no way transfers to respective heirs, legal representatives, successors, and assigns unless in written agreement.

8. **Governing Law**

These terms and conditions are exclusively governed by the laws of the State of Ohio and the parties hereby submit to the exclusive jurisdiction of the State of Ohio courts.

9. **Program Modifications**

Quatech reserves the right to change the any aspect of the program at any time without prior notice.

For any questions regarding the Quatech Q-Partner Program, please contact:

Q-Partner Program Manager:

Kevin Kline
Director of Sales
kevin.kline@quatech.com
800-553-1170 x9005

Program Assistant:

Jessica Thomas
Sales Assistant
jessica.thomas@quatech.com
800-553-1170 x9081