

TELNES, INC

Managed Security Services

Terms of Service

Telnes, Inc is committed to providing the highest quality of service to our customers. Our goal is to not only meet our customer's expectations, but also consistently strive to exceed them. By signing the Telnes Managed Security Service Agreement, you understand and agree to these terms of service and any changes that may occur to this document in the future. By using any of our Managed Security Services, Customer is consenting to be bound by these Terms of Service

The customer and the company agree as follows:

1. Definitions

“Services” Managed Security Service is an out-sourced approach to network security delivered as a monthly service. Telnes Managed Security includes the management, monitoring and reporting of network and customer premise security devices, systems and processes according to a business' security policies.

“Customer” means the entity that enters into and executes Managed Security Service Agreement and/or uses any of our services.

“Telnes Managed Security Operations Center (MSOC)”. The Telnes MSOC is a 24/7 operation where Telnes manages, monitors and supports customer security appliances, VPNs and other security elements. An encrypted secure management tunnel is used to connect your network to our Security Management Platforms and our Operations Center.

2. Services

Managed Service Descriptions

Managed Firewall: An onsite security appliance and/or firewall are a primary element of Telnes Managed Security. Internet security appliances offer state-of-the-art access security, stateful packet inspection with an ICSA (International Computer Security Association) certified firewall to detect and thwart all known hacker and DoS (Denial-of-Service) attacks. Customers are supplied with Internet Security Appliances that support seamless integration of an expanding array of security services. Onsite customer devices are monitored and managed in real-time from the Telnes Managed Services Operations Center.

Managed VPN: VPNs allow distributed offices and remote workers to securely communicate and access resources by creating private networks over public networks (Ex. Internet & Intranets) through encryption. VPN uses "tunnels" between two gateways to protect private data as it travels over the Internet. Tunneling is the process of encapsulating private IP packets into a public IPSec packet. Once the authentication and authorization between the VPN gateways is established, the tunnel is created and the users can send and receive data across the Internet. Multiple IPSec encryptions methods care used.

Telnes builds, manages and monitors VPNs for the following applications:

1. Client to LAN (Remote Access)
2. LAN-to-LAN (Site-2-Site)
3. Intranets
4. Extranets

Managed Intrusion Detection / Prevention: Intrusion detection service discovers when unauthorized access to a network has or is occurring. Intrusion prevention works to stop intrusions before they begin. Telnes intrusion services utilize Signature – based ID (knowledge-based) and to identify intrusions. These methodologies are updated regularly to defend networks.

Managed Perimeter Anti-Virus: Perimeter Anti-Virus protection block viruses from entering or exiting a network. Utilizing high-performance deep packet inspection architecture, Gateway Anti-Virus Service secures the network from the core to the perimeter against a comprehensive array of dynamic.

Telnes constantly updates Virus signatures and definitions to protect networks from lost productivity and damage.

Managed Perimeter Spyware Protection: Perimeter SPYWARE Prevention Service blocks Spyware from entering or exiting a network. Utilizing high-performance deep packet inspection architecture, Gateway Spyware Prevention Service secures the network from the core to the perimeter against a comprehensive array of dynamic Spyware threats.

Telnes Constantly updates Spyware signatures and definitions to protect networks from lost productivity and damage.

Managed Spam Protection: Telnes spam protection uses SMTP Real-time Black List (RBL) technology as one mechanism for fighting spam. Real-time Black Lists publish the IP addresses of SMTP servers from which or through which spammers operate. Telnes constantly analyses information to tweak and provide ongoing spam defense.

Managed Content Filtering – Filtering is the blocking of specific content that is inappropriate under internal security policies or poses security risks. Content filtering uses a rating and caching architecture to leverage a comprehensive database of over 4 million continuously updated Web sites to extend protection and productivity while reducing administrative overhead. Content filtering is completely customizable to enable various levels of filtering based on privileges, specific sites, time of day and other dimensions. Content filtering is designed to improve productivity while lowering security risks.

Managed Remote Security Scans / Audits [Vulnerability Assessment] – This involves regularly testing network integrity for known and newly evolved security vulnerabilities. This provides measurement of a networks security posture and quickly identifies problems that need immediate fixing. Various technologies are used to Assess vulnerability.

Support and Management – Includes updating firmware, security signatures, configuring changes, and necessary maintenance, assisting customer management security support needs.

Monitoring and Reporting – By connecting the Customer to our Telnes Managed Security Operations Center, we are able to consistently monitor and report on security and network events and performance statistics that may include uptime bandwidth usage, services used, web usage, browser time, web filtering, FTP usage, mail usage, VPN usage, attacks, virus attacks, Spyware statistics, intrusion prevention events, authentication, configuration and security log event.

3. Invoice and Payment

Customer will, in accordance with the fees and charges as set forth in Service Agreement, pay to Company upon signing non-recurring charges consisting of a one time non-refundable set up fee. Customer will also be charged monthly in advance, the monthly recurring charge for services set forth in service agreement. All fees and charges set forth in service agreement are exclusive of federal, state and local sales, use, excise, and other applicable taxes, surcharges, fees or assessments which are payable by Customer upon invoice. All payments shall be made, without set-off or deductions, to the address stated on Company invoice and are due upon receipt of invoice. Payments not received within thirty (30) days of Company invoice shall bear simple interest at the maximum rate permitted by applicable law. Telnes reserves the right to charge credit card on file if your check payment is cancelled, fails to process, or if your account remains past due. A \$25.00 fee will be charged for returned checks. Customer agrees to be responsible for payment of collection costs including reasonable attorney's fees incurred by Company in connection with the recovery of any amounts due hereunder. Company reserves the right to modify the terms and conditions of service based upon any tax, surcharge, fee, assessment, requirement or the like applicable to the services provided hereunder which may be imposed during the term by any Federal, State or local government.

4. Taxes:

Taxes. Customer shall be responsible for and shall pay all applicable federal, state and local taxes, fees, charges, surcharges or other similar exaction (hereinafter called "taxes") imposed on or with respect to the services and/or products that are the subject of this agreement whether such taxes imposed directly upon customer or upon Company. For purposes of this section, taxes do not include any taxes that are imposed on or measured by the net income of Company.

5. **Term**

The Service Agreement will be considered binding upon the signatures of all parties and Company's receipt of the total amount due at signing. The Term will commence on the date in which Customer premise security appliance established connection to the Telnes Managed Security Operation Center and will continue until the expiration of the Term, unless the Service Agreement is sooner terminated pursuant to the terms of provisions hereof. A one-year minimum term is required. The Service Agreement will automatically renew for consecutive additional periods of one year each unless either party delivers written notice of termination no later than 60 days before the scheduled expiration of the initial Term stated in Service Agreement. If customer requests a service upgrade from Company during the initial or subsequent Renewal Term of the Service Agreement, the Term of the Service Agreement will automatically be extended for a period of one year from the activation date of the service upgrade.

6. **Rights and Obligations of Customer**

Customer agrees to neither permit nor assist others to use Services for any purpose other than that for which they are intended and designed. In the event of any misuse by Customer, Company shall be completely released from any liability or obligation (including any warranty or indemnity obligation) to Customer relative to the Services, and Customer shall be liable to Company for costs and damages incurred by Company.

Customer shall not or shall it permit or assist others to abuse or fraudulently use the Services including but not limited to use of the Services in contravention of national regulations, laws, or tariffs. Notwithstanding anything in the agreement. Customer acknowledges that company reserves the right to take actions, including immediate termination of the Services without prior notice, which it considers necessary to comply with applicable laws, regulations, or tariffs.

Customer hereby agrees to comply with and to insure that each of its directors, officers, and employees comply with all terms and conditions set out herein.

Customers are solely and entirely responsible for the management and backup of all customer data, and all updates, upgrades, and patches to any software that customers use in connection with Telnes services.

7. **Rights and Obligations of the Company**

Company shall provide and support the Services in accordance with executed Managed Security Service Agreement. The technical support that Telnes provides is limited to the managed security services. Support for other applications and uses is not provided or implied unless it is a specifically contracted service. This includes but is not limited to non support of servers, routers, desk tops, printers, or any other device not directly part of Managed Security Service.

8. **Termination**

Upon termination Customer agrees to return to Company any and all equipment and/or software provided hereunder by Company.

Company reserves the right to terminate Customer's Managed Security Service for any breach of the Service Agreement subject to (i) Company providing Customer with written notice of such breach and (ii) Customer failing to cure such breach within five (5) business days after receipt of said notice. Notwithstanding the foregoing, in the event of two or more such violations Company may terminate the Service Agreement, and all Customer services without notice. Should the services be so terminated, Customer remains obligated for any amount due Company for the remaining term of the Service Agreement. No termination hereof shall relieve either party from liabilities or obligations incurred prior to termination

Early Termination: If the Agreement is terminated prior to the completion of the Initial Term or any subsequent renewal term, Customer shall pay Telnes an Early Termination Fee equal to fifty percent (50%) of the monthly service fee for the remaining portion of the Initial Term or renewal term.

Any termination of this Agreement shall not relieve Customer from any liability, including amount owing, accrued hereunder prior to the time that such termination becomes effective.

9. **Limited Warranty**

The services to be provided by Company hereunder are offered as is. Company has no responsibility nor bears any liability for the failure of the hardware or software constituting the Managed Security Services or VPN Services, other than gross negligence in maintaining the Managed Security Services or VPN Services.

Notwithstanding anything herein to the contrary, neither party will be liable to the other party for any indirect, special, incidental, punitive, or consequential damages, including without limitation loss of revenue, loss of customers, clients or members, loss of goodwill, loss of data, or loss of profits arising in any manner from the Service Agreement and the performance or non-performances of obligations thereunder.

Neither Company nor its affiliates make any express or implied warranties, representations or endorsements whatsoever (including, without limitations, implied warranties of merchantability or fitness for a particular purpose) with regard to the Managed Security Services.

10. Indemnify

Customer agrees to indemnify and hold harmless Telnes, their affiliates, and officers, directors, partners, shareholders, employees, successors, assigns and independent contractors of Telnes and Telnes affiliates, from and against all loss, claims, damages, liabilities or expenses of any description (including, but not limited to reasonable attorney fees and costs) arising out of Customer's acts or omissions (or those of its officers, directors, partners, shareholders or employees, if and any), including, but not limited to misrepresentation of Telnes services or prices. Customer agrees to promptly defend against any of these losses, claims, damages, liabilities or expenses but will not settle without consulting Telnes and obtaining its prior written consent.

11. Confidentiality

Both Parties acknowledge that all materials and information concerning the other party and its affiliates, including without limitation information concerning customers, business practices, arrangements and methods of doing business learned in connections with the Service Agreement are trade secrets and are not to be disclosed, discriminated or otherwise revealed in whole or in part in any manner whatsoever to any third party. The parties acknowledge that the breach of this Section may result in irreparable damage to the non-breaching party for which money damages may not be an adequate remedy. Accordingly, in the event of a breach or threatened breach of this Section, the non-breaching party will be entitled to seek the imposition of injunctive relief, in addition to any and all other remedies available to it and the breaching party will not claim that the non-breaching party has an adequate remedy at law.

12. Notices

Notices will be sent to the addresses, FAX number or email set forth: P O Box 1246, Everett, WA 98201-1246, 425-252-3410 unless otherwise notified by either party

13. General

13.1 Assignment. Neither this Agreement nor any rights, duties, obligations hereunder shall be assignable by Customer without prior written consent of Company.

13.2 Governing Law. This Agreement will be governed by, construed and enforced in accordance with federal law and the laws of the state of Washington.

13.3 Arbitration. The Customer agree that any controversy or claims arising between them relating to the Service Agreement and/or accounts of Customer serviced by Company or Partner shall be settled by arbitration in accordance with the rules of the American Arbitration Associates, and judgment upon the award may be entered in the court have jurisdiction in the state of Washington.

13.4 Attorneys Fees. If either party hereto (or any successor thereto) resorts to legal action including arbitration, in order to enforce, defend or interpret any of the terms or the provisions of this Agreement, the prevailing party shall be entitled to receive, in addition to such other remedies as shall be awarded to it in such legal action, reimbursement from the non-prevailing party for all attorneys' fees and all other costs incurred by commencing, maintaining or defending such action. In addition, the prevailing party (as determined by the arbitrator in any arbitration proceedings) shall be entitled to recover from the non-

prevailing party post-judgment attorneys' fees incurred in enforcing a judgment against the non-prevailing party.

13.5 Force Majeure. Neither party shall be responsible for, and shall not be considered in breach or default of this Agreement on account of any failure to perform or delay in the performance of any obligation hereunder caused by an act of God, flood, fire, storm, earthquake, hacker, war, act of terrorism, insurrection, riot, labor disturbance, including strike and lockout, equipment malfunction, cut wire or fiber, governmental regulation or interference or other events not within the reasonable control of the responsible party and which such party is unable to overcome by the exercise of reasonable diligence.

13.6 Entire Agreement. The entire Agreement between the parties is incorporated in the Agreement (including all Exhibits attached hereto, which are incorporated herein by reference) and supercedes all prior discussions and Agreements between the parties relating to the subject matter hereof.

13.7 Change of Terms. Except for order procedures and order forms, which Company may change at any time, this Agreement cannot be changed or modified except in writing when duly signed by the authorized representatives of both parties.

13.8 Standard of Conduct. In performing under this Agreement, Customer will observe the highest level of integrity and fair dealing and will do nothing to discredit, dishonor, reflect adversely upon or in any manner injure the reputation of Company.

13.9 Severability. Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of the Agreement.

13.10 Privacy Policy: Telnes is committed to respecting your privacy. Once you choose to provide personally identifiable information, it will only be used in the context of your customer relationship with Telnes.

13.11 The parties to this Agreement shall be independent contractors and nothing herein shall establish any joint venture, agency or other relationship between them. Neither party has the right or authority to create an obligation or responsibility on behalf of the other.