



STANDARD TERMS AND CONDITIONS

1. DEFINITIONS

As used herein, the word "Telemus" or "Buyer" means Telemus Inc, the word "Seller" means the supplier to which this purchase order is issued, the word "Goods" means the articles, products, materials, supplies, parts, assemblies, technical data, drawings, services or other items covered by this purchase order and the word "Order" means this purchase order.

2. ACCEPTANCE OF THE ORDER

This Order shall be governed exclusively by Buyer's Terms and Conditions as provided herein unless otherwise agreed in writing by Buyer. Acceptance of this Order occurs (a) upon receipt by Buyer the acknowledgement copy signed by Seller, or (b) upon Seller's commencement of performance or (c) ten (10) working days from receipt by Seller of this Order (unless written rejection thereof is provided to Buyer within the said ten (10) days); whichever occurs first.

3. CHANGES

(a) Buyer may at any time by written notice to Seller make changes within the general scope of this Order in any one or more of the following: drawings, designs or specifications where the Goods to be supplied are specifically manufactured for Buyer, method of shipping, packaging, or packing, delivery schedule and place of delivery, and quantity.

(b) If any such change causes an increase or decrease in the cost of or time required for performance of this Order, an equitable adjustment shall be made in price, delivery schedule or both, and the Order shall be modified in writing accordingly.

(c) Any claim by Seller for an adjustment must be made in writing to Buyer within thirty (30) days of receipt of the change notice. Nothing in this clause shall excuse Seller from proceeding with performance of this Order as changed, without delay.

(d) No changes, modifications or revisions to this Order shall be valid unless in writing and signed by an authorized procurement representative of Buyer.

(e) Seller shall not make any changes to the Goods which may affect form, fit, reliability, function, weight or any other specified requirements of this Order without obtaining Buyer's prior written consent.

4. TERMINATION FOR DEFAULT

(a) Buyer may, by written notice to Seller, terminate the whole or any part of this Order in any one of the following circumstances: (i) If Seller fails to make delivery of any of the Goods within the time specified herein or any authorized extension thereof; (ii) if Seller fails to comply with any other provisions of this Order, and does not cure such failure within a period of ten (10) days after receipt of Buyer's notice specifying such failure, or (iii) if Seller is in receivership, or becomes insolvent or bankrupt.

(b) In the event Buyer terminates this Order in whole or in part as provided in paragraph (a) of this clause, Buyer may procure, upon such terms and such manner as Buyer may deem appropriate, the Goods similar to those terminated, and Seller shall be liable to Buyer for any excess costs of such similar Goods and Seller shall continue performance of this Order to the extent not terminated under provisions of this clause.



5. TERMINATION FOR CONVENIENCE

(a) Buyer may at any time, by written notice to Seller, terminate for its convenience this Order in whole or in any part or parts thereof not completed. Upon receipt of such notice, Seller shall cease work (including the manufacture and procuring of materials, supplies, parts, accessories and equipment and subcontracts for the fulfilment of this Order) in accordance with and to the extent specified in such notice. Buyer may, at any time or from time to time, give one or more additional notices with respect to any or all parts of this Order not terminated by any previous notice or notices.

(b) In the event of any notice being given under the provisions of this clause:

(i) All Goods completed hereunder before the giving of such notice, and all Goods completed thereafter in accordance with and to the extent specified in such notice, shall be paid for (subject to acceptance by Buyer in accordance with the provisions of this Order) on the basis provided in this Order, and Seller shall protect the Goods in its possession in which Buyer has or may acquire an interest.

(ii) In respect to the Goods not completed hereunder before the receipt of such notice, not completed thereafter pursuant to such notice and not previously paid for, Seller shall be entitled to reimbursement of costs necessarily incurred by Seller thereon and to receive in addition an amount representing a fair and reasonable profit in respect to work done thereon.

(iii) No payment and/or reimbursement shall be made for Goods whether raw or in the course of manufacture or manufactured, which have been or may be rejected after inspection as not complying with the terms and conditions of this Order.

(iv) In no case shall Seller be entitled to any amount which taken together with any amounts paid, due, or becoming due to Seller under this Order, would exceed the total amount payable for the Goods to be supplied under this Order.

(v) The Goods in process, in respect of which an amount is payable to Seller as provided under this clause, shall be delivered to Buyer, but the Goods so delivered shall in no case be in excess of what would have been required for performing this Order in full if no notice of termination had been given.

(vi) Seller shall have no claim for damages of any kind including but not limited to compensation, loss of revenue or profit, allowance or otherwise by reason of or directly or indirectly arising out of any action taken or notice given by Buyer pursuant to the provisions of this clause except and to the extent expressly provided in this clause.

(vii) Seller agrees that if a claim is filed as provided in this clause, Seller's books and records and its facilities shall at all reasonable times be subject to inspection and audit by an authorized representative of Buyer.

6. RELEASE OF NEWS INFORMATION

Seller shall not, without prior written consent of Buyer, make any news release or public announcement concerning any part of the subject matter of this Order.

7. ASSIGNMENT

This Order, its performance, any interest herein, or any monies due or to become due hereunder may not be assigned by Seller without Buyer's prior written consent.



8. WARRANTY

Seller warrants that all the Goods will conform to applicable specifications, drawings, descriptions and samples and will be merchantable, free from defects in material and workmanship. Unless manufactured pursuant to detailed design furnished by Buyer, Seller assumes design responsibility and warrants the Goods to be free from design defects and suitable for the purposes intended by Buyer. Such warranties, together with Seller's service guarantees, if any, shall survive inspection, test, acceptance of and payment for the Goods and shall run to Buyer, its successors, assigns and customers and shall remain in full force and effect for a period of one year after the delivery to and final acceptance of the Goods by the Buyer.

9. INSPECTION AND ACCEPTANCE

(a) All the Goods shall be subject to inspection and/or test by Buyer and/or Buyer's customer(s) at all times and places and at any stage of production and, if at Seller's facilities. Seller without additional charge shall provide all reasonable facilities and assistance required for safe and convenient test and inspection. The foregoing shall not relieve Seller of its obligation to make full and adequate test and inspection. Buyer may base acceptance or rejection of any or all the Goods on inspection by sampling.

(b) In the event inspection and/or test is to be performed at Seller's facilities Seller shall notify Buyer of the date the Goods are ready for inspection and/or test giving at least ten (10) working days advance notice. If, on arriving at Seller's facilities, on the date given, the Goods are not ready for such inspection/verification, Seller shall be liable for any cost incurred by Buyer as a result of Seller's non-readiness.

(c) If upon inspection and/or test any of the Goods are found to be defective in material or workmanship, or otherwise not in conformity with the requirements of this Order, Buyer may, require in addition to its other rights (i) prompt correction or replacement thereof at Seller's expense, including any transportation charges, or (ii) rework or have reworked any such Goods at Seller's expense for the purpose of having such Goods brought into conformity with the requirements of this Order, or (iii) require Seller to make delivery of any such Goods as is with a reduction in the price as may be mutually agreed, or (iv) reject any such Goods and, as necessary, require the immediate removal thereof from all areas concerned in the procurement, manufacture, test or supply of the Goods, and Buyer shall be repaid the full invoice price therefore, plus any brokerage fees, packaging, packing and transportation charges, or (v) recover by debiting Seller's account, the cost incurred by Buyer for screening and additional inspection and/or (vi) terminate the Order in whole or in part under the provisions of the Default clause hereof.

(d) Buyer may, in accordance with this clause, return the Goods without any obligation to obtain authorization from Seller nor any Return Authorization Number. Seller shall be liable for all costs incurred and damages suffered by Buyer because of Seller's refusal to accept such return.

(e) Payment shall not constitute acceptance.

(f) Final acceptance shall be at Telemus or other final Destination within a reasonable time after original or amended delivery.

(g) Nothing in this clause shall relieve Seller from any responsibility regarding defects or other failures to meet the requirements of this order.

10. TOOLING

(a) Title and right of immediate possession of all tooling, equipment or materials furnished or paid for by Buyer directly or indirectly for use under this Order shall be vested in and remain in Buyer. Buyer does not guarantee or warrant the accuracy or adequacy of any tooling furnished by it. Seller shall (i) be responsible for all loss or damages to such tooling, equipment and materials while in its custody or control, normal wear and tear excepted, (ii) clearly mark same as property of Buyer, and in accordance with any other requirements of this Order, (iii) treat it confidentially, (iv) keep same in good operating condition, (v) use the same exclusively for the performance of this Order unless otherwise authorized in writing by Buyer, and (vi) on completion of deliveries under this Order hold such tooling, equipment or



materials in sale custody awaiting Buyer's disposal instructions.

(b) For all tooling ordered, Seller shall provide, prior to invoice submission, the following: (i) photographs, (ii) drawings and (iii) a brief description giving the relevant part number of the item to be produced with its use and a statement of its approximate life, giving the number of items it is expected can be produced with its use.

(c) Approval and subsequent payment for any tooling, equipment or other materials produced under this Order is contingent upon receipt by Buyer of satisfactory Goods produced with the use thereof.

11. DELIVERY

(a) Time shall be of the essence. The Goods shall be delivered on the delivery date or dates specified in this Order and early or partial shipments are not permitted unless expressly authorized in writing by Buyer.

(b) Buyer reserves the right to return any unauthorized early shipments at Seller's expense or to retain same at Buyer's facilities at Seller's risk. Payment will be in accordance with the original or requested amended delivery schedule.

12. NOTICE OF LATE DELIVERY

In the event Seller foresees or encounters difficulty in meeting the delivery requirements of this Order, it shall immediately notify Buyer in writing giving pertinent details and a recovery schedule acceptable to Buyer. This provision shall not be construed as a waiver by Buyer of any performance requirements of this Order, or of any rights or remedies provided by law or specified in this Order.

13. OVERSHIPMENTS

The Buyer's requirements are for the quantities of Goods in this Order. Any goods delivered in excess of the quantity so specified shall be at Seller's risk and expense and at no additional cost to Buyer.

14. SHIPPING, PRESERVATION, PACKAGING, PACKING, MARKING AND INSURANCE

(a) Seller shall ship in accordance with shipping instructions on the face of this Order or attachments hereto. All the Goods must be suitably preserved, packaged, packed, marked and prepared for shipment in compliance with instructions or specifications mentioned in this Order and, in the absence of such instructions or specifications, in compliance with best commercial practice and carrier regulations. No charges will be paid by Buyer for preservation, packaging, packing, marking or shipping, unless stated in this Order. Packing sheets showing the purchase order number, item number and quantity must be included with each shipment. Each container must be marked to show the Order number. The container and Order numbers must be indicated on the bill of lading.

(b) Buyer insures all incoming shipments, therefore Buyer will not pay for insurance charges claimed for by Seller.

15. WAIVERS

The remedies of Buyer under this Order are cumulative and are in addition to any other remedies provided by law. No delay or failure on the part of Buyer in exercising any rights provided under this Order or in law, shall constitute a waiver of such rights.

16. PATENT PROTECTION AND INDEMNITY

Seller hereby agrees to defend, at its own expense, any and all claims, actions, suits or proceedings based on a claim that any Goods furnished under this Order constitute an infringement of any patent, trademark, registered design or other intellectual property Rights and to indemnify and save harmless Buyer, its customers, and those for whom Buyer may account to as agent in the purchase of said Goods, both as to liabilities and damages, including costs and expenses, resulting from such claims, actions, suits or proceedings.



17. INDEMNITY

If this Order requires installation of equipment or material by Seller on Buyer's and Buyer's Customer(s) premises, Seller shall take all necessary precautions to prevent the occurrence of any injury to persons or property during the progress of such work. Seller shall indemnify and keep Buyer and Buyer's Customer(s) harmless from and against all claims, demands, losses, suit or action which may result from any default, act or omission of Seller, its agents, employees or subcontractors. Seller shall maintain and furnish Buyer on request with copies of such public liability, property damage and contingent liability insurance as will protect Buyer and Buyer's Customer(s) from said risks and from any claims under any applicable law or regulation or act respecting industrial accidents and occupational diseases.

18. PRICES

Seller represents that prices to be paid by Buyer for the Goods covered by this Order shall not exceed current prices charged to any other customer of Seller for goods which are the same or substantially similar to the Goods covered by this Order, taking into account the quantity under consideration, and Seller will forthwith refund any amounts paid by Buyer in excess of such prices.

19. LAWS

The agreement represented by this Order shall be construed and interpreted in accordance with the laws of that Province in Canada from which this Order is issued as shown by the address of Buyer printed on the face hereof.

20. QUALITY PROGRAM REQUIREMENT

(a) All Goods shall be manufactured in accordance with the Quality Program(s) as indicated on the face of this Order.

(b) All references to the term "Government" in any of the documents referred to in this clause shall be replaced by the term "Buyer" and/or the "Government". All references to the term "Departmental Representative" in any of the documents referred to in this clause shall be replaced by "Buyer's Representative".

(c) When Government Quality Assurance at Seller's facilities is required, promptly provide a copy of this Order to the Government Representative who normally services Seller's facilities so that appropriate planning for Government Quality Assurance can be accomplished. In the event that the Government Representative cannot be located, Buyer shall be notified immediately.

(d) Buyer and/or Buyer's customer shall have the right to visit Seller's facilities and verify the status of this Order.

21. GOVERNMENT CONTRACTS

(a) If a Canadian Government contract number appears on the face of this Order, the Canadian Government General Conditions DSS-MAS9239.1 and, as applicable, General Conditions DSS-MAS 9224 (Research and Development), DSS-MAS9239-4 (Supplemental General Conditions, Research and Development), DSS-MAS1035 (Subletting), and DSS-MAS1055 (Protection of Documents and Work) are incorporated herein by reference. In the event of conflict between the terms and conditions of this Order and the Canadian Government conditions, the former shall prevail.

(b) If a United States Government contract number appears on the face of this Order the clauses of the Federal Acquisition Regulation (FAR) listed in Annex A hereto and in effect on the date of said Government contract are incorporated herein by reference. In the event of conflict between the terms and conditions of this Order and Annex A, the former shall prevail.



TELEMUS
INC.

22. ORDER OF PRECEDENCE

In the event of any conflict between provisions of this Order, this Order shall be interpreted in accordance with the following order of precedence;

- (1) Provisions typed or referenced on the face of this Order
- (2) Special Terms and Conditions (if any)
- (3) Standard Terms and Conditions
- (4) Specifications
- (5) Drawings
- (6) Other documents referenced in any of the above documents

23. DISCREPANCIES

Seller shall exercise due diligence to discover and bring to the attention of Buyer, discrepancies or ambiguities in or between any specifications, drawings or other documents attached to this Order or incorporated by reference.

24. CONFIDENTIALITY

Seller shall protect and keep confidential any and all information provided by Buyer with the same degree of care as it normally exercises to preserve its own proprietary information. Such information shall only be disclosed to those of its employees having a "need to know". Seller shall use such information solely for the purpose of this Order. Any and all rights, including without restriction, any copyright, patent right or other intellectual property right, to such information shall remain with Buyer. Seller shall not use Buyer's name in any marketing activity without prior written consent of Buyer.