

1st October 2008

O2 STOCKIST AGREEMENT

THIS AGREEMENT is effective as of 1st October 2008, by connecting to the O2 network through Hugh Symons Communications from this date you are agreeing to the terms herein.

INTRODUCTION

The Distributor has selected the Stockist to operate as a stockist of O2 Products and Services in accordance with the provisions of this Agreement.

IT IS AGREED as follows:-

1. DEFINITIONS

In this Agreement, unless the context requires otherwise, the following words and phrases have the following meanings:-

Airtime Agreement means O2's standard business airtime agreement as may be notified to the Stockist by the Distributor or O2 from time to time;

Airtime Services means such mobile airtime services provided by O2 to End Users as are notified by the Distributor or O2 to the Stockist from time to time;

Brand Guidelines the guidelines for the use of the O2 Corporate Marks provided by the Distributor or O2 to the Stockist from time to time;

Commencement Date the date that this Agreement is signed by both parties;

Commercial Premises any commercial (and non-domestic) premises from which the Stockist shall promote and sell Services;

Commissions and Bonuses the commissions and bonuses payable to the Stockist under the terms of this Agreement;

Connection the connection of a SIM Card and mobile phone number onto the O2 Network and/or the re-sign of an existing connection for a new Minimum Term;

Control in relation to a body corporate, means the power of a person to secure: (i) by means of the holding of shares or the possession of voting power in or in relation to that or any other body corporate; or (ii) by virtue of any powers conferred by the articles of association or other document regulating that or any other body corporate, that the affairs of the first-mentioned body corporate are conducted in accordance with the wishes of that person, and, in relation to a partnership, means the right to a share of more than one-half of the assets, or of more than one-half of the income, of the partnership;

Customer means an End User who the Stockist procures to enter into an Airtime Agreement such person to be a genuine, bona fide, user of Airtime Services for its own purposes (as opposed to any other third party or any re-seller);

Data Protection Legislation means the Data Protection Act 1998 and any regulations made thereunder or any other legislation relating to the protection of Personal Data, including without limitation the Privacy and Electronic Communications (EC Directive) Regulations 2003;

End User a corporate entity in the United Kingdom or Northern Ireland;

GSM Gateway means any equipment or device containing a SIM Card which enables the routing of incoming: (i) cross net calls; or (ii) fixed to mobile calls, in such a way as to establish an on-net call on the O2 Network;

Intellectual Property any patent, copyright, registered design, trade mark and any other industrial or intellectual property right in respect of the Services and/or the O2 Corporate Marks;

Minimum Term the period during which a Customer can not terminate a Connection without incurring a termination fee;

O2 Telefónica O2 UK Limited;

O2 Corporate Marks the O2 trade name and logo and any other trade marks or logos used by O2 from time to time;

O2 Network O2's mobile electronic communications network;

O2 Property items belonging to O2 and provided to the Stockist for use in connection with this Agreement;

Operations Guide the operations guide issued by the Distributor or O2 to the Stockist from time to time;

Performance Criteria the criteria set out in Schedule 2;

Personal Data means Personal Data as defined under the Data Protection Legislation and processed under this Agreement;

Services means the Airtime Services, value added services and any other services that may be offered by O2 to End Users from time to time as notified to the Stockist by the Distributor or O2 from time to time;

SIM Card a Subscriber Identity Module being a physical item of equipment which allows access to the O2 Network when used with Customer equipment; and

Term the period set out in clause 2.1.

1.2 The headings in this Agreement are for ease of reference only and shall not affect its construction.

1.3 References in this Agreement to any statute or statutory instrument shall include any re-enactment, modifications or amendments thereto for the time being in force.

1.4 References to clauses, sub-clauses, paragraphs and Schedules refer, unless otherwise stated, to

clauses and sub-clauses of, and schedules to, this Agreement, and paragraphs to the schedules.

1.5 The Schedules and Appendices form part of this Agreement and shall have effect as if set out in full

in the body of this Agreement and any reference to this Agreement includes the Schedules and Appendices.

1.6 Unless the context otherwise requires, singular shall include the plural and vice versa.

2. COMMENCEMENT AND TERM

2.1 This Agreement shall commence on the Commencement Date and, subject to clause 11, shall continue thereafter unless and until terminated by either party giving not less than 30 days notice in writing to the other (the "**Term**").

3. PREVIOUS AGREEMENTS

3.1 On the Commencement Date any:

3.1.1 existing O2 stockist agreement between the Stockist and the Distributor; and/or

3.1.2 previous agreements between the Stockist and the Distributor relating to the promotion or sale of O2 services that have not already expired or been terminated, shall terminate.

4. APPOINTMENT

4.1 Subject to the Distributor obtaining O2's consent to the appointment in accordance with the terms of the Distributor's agreement with O2, the Distributor appoints the Stockist on the terms set out in this Agreement to promote and sell the Services to End Users in the United Kingdom and Northern Ireland and to procure Customers and the Connections required by those Customers.

4.2 The Distributor reserves the right to supply the Services referred to in this Agreement itself and/or to appoint other parties to do so.

4.3 The Stockist may sell other services to End Users provided that by doing so the Stockist shall not breach the terms of this Agreement.

4.4 The Stockist acknowledges that it is an independent contractor fully responsible for its acts, omissions or defaults and the Stockist agrees to indemnify the Distributor against any loss suffered or liabilities or expenses incurred as a result of such acts, omissions or defaults or from the Stockist

exceeding its authority as set out in this Agreement.

4.5 The Stockist agrees that it shall not, in any correspondence or dealings, hold itself out or represent itself as being part of the Distributor or O2, or any subsidiaries, holding companies or subsidiaries of those holding companies or in legal partnership with, or as an employee, representative, or franchisee of, or party to a joint venture with, any of those parties. It agrees that, other than as

expressly stated in this Agreement, it has no authority or power to bind, or to contract or negotiate in the name of, or to incur any debt or other obligation on behalf of, or to create any liability against, the Distributor or O2 in any way or for any purpose.

5. SALES OBLIGATIONS

5.1 The Stockist shall only market, promote or sell the Services to End Users.

5.2 In relation to the sale of the Services as set out in clause 5.1 above, the Stockist shall only procure Connections to such tariffs with such Minimum Terms as may specified by the Distributor or O2 from time to time.

5.3 The Distributor will, and will procure that any Approved Stockist will:

5.3.1 only market, promote and/or sell the Products and Services via:

- (a) a business centre that is dedicated to the Approved Stockist and under its direct control;
- (b) a direct sales force that is dedicated to the Approved Stockist and under its direct control;
- (c) a telesales operation (carrying out inbound telesales activities only) that is operating under the brand of the Approved Stockist and controlled by it; and/or
- (d) a website that operates under the brand of the Approved Stockist, is owned by it and that is operated by or on behalf of it, provided that in each case such channel shall be operated out of Commercial Premises; and

5.3.2 market and promote the Services:

(a) in such a manner as shall reasonably be calculated to increase the sale of Services and to promote the relationship of the Stockist with the Distributor and O2;

(b) at all times to the best advantage of the Services.

5.4 The Stockist will ensure that all staff engaged in the promotion of Services:

5.4.1 have suitable training, skill and expertise for the sale of the Services as well as mobile electronic communications equipment and services generally;

5.4.2 attend any training programmes which may be reasonably nominated by O2 from time to time as being mandatory;

5.4.3 act in such a way as not to bring the Distributor, O2, or any Services, into disrepute; and

5.4.4 do not mis-sell or misrepresent O2, the Services or O2's business rules.

5.5 The Stockist must not use any database of Customers for mailshots or any other marketing purposes involving the promotion of products or services of any competitor of O2.

5.6 The Stockist shall not actively promote, market or solicit the Services outside the United Kingdom and Northern Ireland.

6. OPERATIONAL OBLIGATIONS

6.1 The Stockist shall comply with the Operations Guide, and any other operational instructions or requirements issued by the Distributor or O2 from time to time. The Distributor or O2 shall be entitled to amend the Operations Guide by written notice to the Stockist.

6.2 The Stockist shall not be entitled to procure any Connection in accordance with this Agreement where:

6.2.1 such connection, or the applicable customer, was already connected to the O2 Network by one of O2's own direct sales channels (whether such customer was within the minimum term of their airtime agreement or not); or

6.2.2 such connection, or the applicable customer, was already connected to the O2 Network by any of O2's indirect sales channels (including without limitation any other O2 partner, dealer, distributor, mass retailer or service provider) and such customer was within the minimum term of their airtime agreement,

unless O2, acting reasonably following communication with the relevant customer, expressly authorises otherwise in writing to the Distributor and the Stockist. Notwithstanding anything to the contrary in this clause 6.2, the Stockist shall not be entitled to procure any Connection in accordance with this Agreement where such connection, or the applicable customer, was already connected to the O2 Network under a previous agreement between O2 and one of its indirect sales channels in relation to which O2 is still obliged to pay TRO to such third party in relation to that connection (whether such customer was within the minimum term of their airtime agreement

or not) unless O2, acting reasonably following communication with the relevant customer, expressly authorizes otherwise in writing.

6.3 If an existing Customer wishes to disconnect to take advantage of a special retail promotion (if any), the Stockist must advise that Customer that the promotion is available to new O2 customers only.

6.4 The Stockist must ensure that it keeps any O2 Property (including, without limitation, sales promotional material) safe and, where appropriate, properly secured and in good condition at all times. It must also insure such O2 Property against loss, theft and damage up to the full replacement value of the O2 Property and ensure that O2's interest in such O2 Property is noted on its relevant insurance policies. The Stockist must provide proof of such noting to O2 when requested. The Stockist agrees that O2 may enter any premises where O2 Property is kept to recover it at any time on reasonable notice.

6.5 The Stockist must not:

6.5.1 re-chip or knowingly connect equipment which has been re-chipped or assist any other person to re-chip and connect equipment that the Stockist knows has been re-chipped;

6.5.2 interfere with SIM Cards; or

6.5.3 connect or offer to connect any equipment to the O2 Network that is not BABT approved.

6.6 The Stockist shall not permit any SIM Card to be used in a GSM Gateway and shall not procure any Connection that it knows or ought to know will be used in a GSM Gateway. The Distributor shall be entitled to recover any Commissions and/or Bonuses paid by the Distributor if the SIM Card associated with the

Connection has been used in a GSM Gateway without its consent.

6.7 The Stockist must supply to the Distributor management reports as reasonably requested by the Distributor from time to time in order to verify compliance with this Agreement.

6.8 In addition to the information described in clause 6.7, the Stockist must:

6.8.1 keep the Distributor informed of the progress of its business and must provide to the Distributor as and when required by the Distributor evidencing, to the Distributor's satisfaction, compliance with its obligations set out in this Agreement;

6.8.2 supply on request to the Distributor the Stockist's statutory directors' report in respect of and as at the end of its annual accounting period.

6.9 The Stockist shall:

6.9.1 adhere to any security procedures and rules which may be published or issued by O2 or the Distributor from time to time; and keep all details of End Users (and their use of Products and Services) secure;

6.9.2 ensure that it observes all instructions issued by the Distributor or O2 regarding fraud and crime prevention; and

6.9.3 ensure that details (in particular and without limitation) of Customer's mobile numbers and SIM Cards are not stolen or released to anyone other than an authorised employee of the Distributor or O2.

7. COMPLIANCE WITH LAWS

7.1 The Stockist shall obtain promptly and maintain, at its expense, all necessary licences, certificates, permits, or other documents, approvals or consents as may be required by local authority law or local council regulations or by the United Kingdom Government or otherwise in order to sell the Services.

7.2 In carrying out the activities contemplated under this Agreement, the Stockist must comply with all legislation, regulations and directions made under such legislation and regulations relating to such activities (including, without limitation, any applicable consumer protection legislation and regulations, including those relating to distance selling or sales practices) and all industry standard credit card security measures. The Stockist shall indemnify the Distributor and keep the Distributor indemnified against any liability resulting from its failure to comply with this clause 7.2.

7.3 The Stockist will comply with the industry code relating to mis-selling and will comply with any reasonable instructions supplied in writing by O2 or the Distributor that are necessary to ensure that O2 and the Distributor comply with the code.

8. COMMISSIONS AND BONUSES

8.1 The Stockist shall be entitled to Commissions and Bonuses on the terms set out in Schedule 1, or as otherwise specified by the Distributor from time to time.

9. BRANDING, ADVERTISING AND PROMOTION

9.1 Subject to the provisions of this Agreement, the Distributor hereby grants the Stockist a non exclusive royalty-free revocable licence to use the O2 Corporate Marks in the United Kingdom during the Term, but only in relation to the promotion, marketing and sale of Services under the terms of this Agreement, provided always that the Stockist shall comply with the Brand Guidelines. The Stockist shall consult with the Distributor should the Stockist need any guidance as to compliance with the Brand Guidelines.

9.2 The Distributor or O2 may, from time to time, provide the Stockist with advertising, point of sale or other promotional material for use by the Stockist in the promotion of Services. Such materials shall be used by the Stockist in accordance with the Brand Guidelines. The Stockist will ensure that all advertising, signage and point of sale materials featuring Services comply with the Brand Guidelines at all times.

9.3 All legal and beneficial rights in the Intellectual Property Rights shall remain at all times O2's property or the property of its licensor.

9.4 Except as expressly provided under this Agreement, the Stockist shall have no rights in respect of any Intellectual Property or any goodwill associated therewith, and the Stockist hereby acknowledges that, except as expressly provided in this Agreement, it shall not acquire any rights in respect thereof.

9.5 The Stockist shall not do or authorise any third party to do any act which would or might invalidate or be inconsistent with any rights in the Intellectual Property. The Stockist will not knowingly infringe or improperly or wrongfully use any Intellectual Property, or allow any other third party to do so.

9.6 The Stockist shall promptly notify the Distributor of any actual, threatened or suspected infringement of any rights in Intellectual Property which comes to the Stockist's notice, and of any claim by any third party coming to its notice that the Services infringe any rights of any other person, and the Stockist shall, at the request and expense of the Distributor, do all such things as may be reasonably required to assist the Distributor or O2 in taking or resisting any proceedings in relation to any such infringement or claim.

9.7 If the Distributor is reasonably of the opinion that the O2 Corporate Marks are not being used by the Stockist as required by O2 and the Distributor pursuant to this Agreement, the Stockist, upon written notice to this effect from the Distributor, shall not thereafter use the O2 Corporate Marks in that manner and, if required by the Distributor, shall ensure that any non-conforming materials or items are withdrawn from sale and/or publication. The non-conforming materials or items shall be withdrawn immediately. The Distributor (or its authorised representatives) shall have the right to inspect the premises where any materials or items are stored in order to verify that the Stockist is complying with its obligations under this clause.

9.8 The Stockist hereby acknowledges that it has no right, title or interest in the O2 Corporate Marks and it is only a licensee of the O2 Corporate Marks in accordance with the terms of this Agreement.

9.9 The Stockist acknowledges and agrees that it will:

9.9.1 not register or attempt to register the O2 Corporate Marks or any other word or device likely to be confused with the O2 Corporate Marks;

9.9.2 refer to the Services in any publicity or other documents only by the O2 Corporate Marks and only in accordance with the Brand Guidelines and instructions of the Distributor or O2, and shall not use or add any other trade marks or trade names in respect of those Services except in accordance with Schedule 3 and, in particular, shall not remove the O2 Corporate Marks from any materials or items provided by O2;

9.9.3 not alter, remove, conceal or otherwise interfere with any markings or nameplates on point of sale material nor make additions or modifications to point of sale material; and

9.9.4 upon request by O2 or the Distributor or their authorised representatives supply samples showing the use of the O2 Corporate Marks in its advertising and at all reasonable times permit the O2 or Distributor or any of their authorised representatives to inspect the use of the O2 Corporate Marks at the applicable Commercial Premises.

9.10 The Stockist shall indemnify O2 and the Distributor against any losses, costs or damages such party may suffer from misuse of the O2 Corporate Marks or any rights in the Intellectual Property by the Stockist.

10. AUDIT

10.1 The Distributor shall have the right at any time to audit the business and financial affairs of the Stockist to ensure that the Stockist has complied with the terms of this Agreement.

10.2 In the event that the Distributor exercises its right to audit in accordance with clause 10.1, the Stockist shall provide the Distributor, or its appointed representative, with access to such business and financial information as the Distributor reasonably requires. For the purposes of the audit, the

Distributor, or its appointed representative, shall be entitled to access the Stockist's premises and/or information systems within working hours.

11. TERMINATION

11.1 Without prejudice to any other rights that may be available at any time, each party shall have the right, by giving at any time written notice to the other party, to terminate this Agreement immediately if:

11.1.1 the other party commits a material breach of a term of this Agreement:

(a) that is incapable of remedy; or

(b) that, if capable of remedy, the other party fails to remedy within 7 days of a written notice to do so;

11.1.2 the other party at any time has a court order made or resolution passed for winding it up or a petition is presented for an administration order to be made in relation to it or is otherwise insolvent or unable to pay its debts as they fall due; or

11.1.3 a supervisor, receiver, administrator, administrative receiver or other encumbrancer takes possession of or is appointed over or any distress, execution or other process is levied or enforced upon the whole or a substantial part of the assets of the other party.

11.2 Without prejudice to any other rights that may be available at any time, the Distributor shall have the right, by giving at any time written notice to the Stockist, to terminate this Agreement immediately if:

11.2.1 O2 withdraws its consent to the appointment of the Stockist for any reason;

11.2.2 the Stockist purports to assign this Agreement without the Distributor's prior written consent;

11.2.3 the Stockist misuses the O2 Corporate Marks or fails to comply with the Brand Guidelines or any other guidelines or instructions given by O2 or the Distributor as to the use of the O2 Corporate Marks;

11.2.4 the Stockist persistently fails to meet any required standards (other than a failure to achieve Performance Criteria, to which the provisions of clause 11.2.5 shall apply) and fails subsequently to remedy such failure within such period as may be specified in writing by the Distributor;

11.2.5 the Stockist fails to achieve the Performance Criteria; or

11.2.6 there is any change of Control of the Stockist to which the Distributor has not provided prior written consent. The Stockist shall notify the Distributor prior to any change of Control of the Stockist.

11.3 The expiry or termination of this Agreement shall be without prejudice to the rights of the parties accrued up to the date of such expiry or termination.

11.4 Upon expiry or termination of this Agreement the Stockist shall:

11.4.1 immediately cease procuring Connections, or promoting, marketing or selling the Services;

11.4.2 cease using the O2 Corporate Marks in any way or any promotional or point of sale materials or signage, and shall immediately replace at its own cost any external signage or window displays featuring the O2 Corporate Marks;

11.4.3 immediately cease representing itself as an O2 stockist operating on the terms of this Agreement and connected with O2;

11.4.4 pass to the Distributor in paper and disc format its database of Customers;

11.4.5 at its own expense return, or at the Distributor's option dispose of, all O2 Property then held by the Stockist. In the event of failure to return or dispose of O2 Property the Distributor has the right either:

(a) to enter the Stockist's premises on giving 24 hours notice and recover any O2 Property and any costs incurred by the Distributor in such recovery shall be payable by the Stockist on demand; or

(b) to recover from the Stockist the replacement value of the O2 Property either directly or by way of set off.

12. CONFIDENTIALITY

12.1 Each party agrees to keep confidential all information of a confidential nature (including information relating to O2 or the other party's affairs or business) and all information given in circumstances giving rise to an obligation of confidence (in each case whether or not such information is marked "Confidential") obtained by it under or in connection with this Agreement.

12.2 Neither party shall use or disclose to any third party such information or any part of it (except to the extent strictly necessary for the performance by it of its obligations under this Agreement) without the prior written consent of the other party.

12.3 The restrictions in this clause 12 shall not apply to a party in relation to information which:

12.3.1 is in the public domain otherwise than by breach of this Agreement;

12.3.2 was previously in the possession of that party and which was not acquired in confidence directly or indirectly from the other party or O2;

12.3.3 is lawfully obtained by it from a third party who is free to disclose it otherwise than in confidence;

12.3.4 a party is obliged to disclose by operation of law or by any regulatory authority (including, but without limitation, OFCOM); or

12.3.5 is independently developed by it.

12.4 Where disclosure of information to a third party (including but not limited to a party's employees and agents) is necessary for the performance by a party of its obligations under this Agreement, that party shall prior to such disclosure obtain duly binding undertakings to this effect from such third party in favour of the other party.

12.5 The obligations contained in this clause 12 shall continue in force for a period of 3 years following the termination or expiry of this Agreement.

13. PUBLICITY

13.1 The Stockist will make no announcements regarding this Agreement without the Distributor's prior written consent and approval of any press release or statement.

14. DATA PROTECTION ACT

14.1 Both the Distributor and the Stockist shall comply at all times with the Data Protection Legislation and any regulations made under or separate to the Data Protection Legislation or any other legislation relating to the protection of Personal Data.

14.2 Each party undertakes with the other to ensure that appropriate technical and organizational measures are adopted by it against unauthorised or unlawful processing of Personal Data and against accidental loss or destruction of, or damage to the Personal Data.

14.3 Without limiting the application of clause 14.2 above, each party undertakes with the other to implement and to maintain a Data Security Policy in respect of the Personal Data and further undertakes with the other to ensure the compliance with such Data Security Policy by its employees,

agents and sub-contractors at all times. Each party shall provide to the other a copy of its Data Security Policy promptly upon request.

14.4 The Stockist agrees to review and update its Data Security Policy at the Distributor's request so that its Data Security Policy is in line with the Distributor's own Data Security Policies.

14.5 The Stockist undertakes:

14.5.1 to use the Personal Data solely for the purpose of performing its obligations under this Agreement. The Stockist shall not use the Personal Data for any other purpose, in particular for its own purposes or disclose the Personal Data;

14.5.2 subject to clause 14.2, to process the Personal Data only in accordance with this Agreement or otherwise with the instructions of the Distributor or O2;

14.5.3 to provide to the Distributor or O2 from time to time as part of the Agreement such information as the Stockist has in its possession as the Distributor or O2 may require in relation to the Personal Data, including, without limitation, information as to any specific individual to whom the Personal Data relates; and

14.5.4 to correct, suppress, delete and block Personal Data from further processing and/or use, if requested by the Distributor or O2.

14.6 If a request is made by the Distributor or O2 for the correction, suppression, blocking or deletion of any Personal Data, then within five (5) working days from receipt of a written notice from the Distributor or O2 containing the relevant request, the Stockist shall carry out the request and confirm in writing to the Distributor or O2 as applicable that the request has been carried out.

14.7 Each party undertakes to comply with its obligations under this clause 14 notwithstanding that it may have a claim against, or a dispute with, the other.

14.8 The Stockist shall permit the Distributor or O2, or their agents or representatives at all reasonable times and on reasonable notice to enter any place where the processing of the Personal Data shall be carried on for the purpose of inspecting and verifying the compliance of the Stockist with its

obligations under this clause 14. The Stockist undertakes to give the Distributor or O2 access to all relevant documentation, computers, word processors or other similar machines in its possession, custody or control for such purpose. Nothing in this clause 14.8 shall oblige the Stockist to disclose details of other customers of the Stockist and/or Confidential Information.

14.9 The rights of the parties set out in clause 14 shall continue for a period of six (6) months after the date of termination of this Agreement irrespective of the cause of termination.

14.10 The Stockist undertakes to use its reasonable endeavours to ensure that its employees, agents and sub-contractors engaged in the performance of the Agreement are reliable and trustworthy individuals and further undertakes to make those individuals aware of its obligations under this Agreement particularly with regard to the confidentiality of the Personal Data, and the requirement to

process the Personal Data only in accordance with the instructions of the Distributor and O2. The Stockist shall ensure that any sub-contractors it engages to perform the Stockist's obligations in this Agreement are subject to data protection obligations at least as strict as the Stockist has accepted in this Agreement.

14.11 In the event that the Stockist receives a request for subject access from an individual about whom it holds Personal Data, the Stockist shall promptly forward such request to O2 for the attention of the "Data Controller". O2 or the Distributor shall from time to time notify the Stockist of the identity and contact details of the Data Controller.

15. GENERAL

15.1 Neither party shall be liable in respect of any breach of this Agreement due to any cause beyond its reasonable control including: Act of God, inclement weather, flood, lightning or fire; industrial action or lockouts (including but without limitation by its own employees); unlawful interference with information and data systems; the act or omission of Government or other competent authority; war, sabotage, military operations or riot; the act or omission of any party for whom it is not responsible. In particular, the Distributor shall not be liable for any breach of this Agreement if its agreement with any of its suppliers is terminated or expires without replacement.

15.2 This Agreement, the Schedules and any other document referred to in this Agreement contain all the terms which the parties have agreed in relation to the appointment of the Stockist as a stockist of O2 Services and neither of the parties to this Agreement has been induced to enter into this Agreement,

by a statement or promise which those documents do not contain. This clause 15.2 shall not exclude any liability for fraudulent statements made prior to the date of this Agreement.

15.3 The Stockist may not assign any of its rights or obligations under this Agreement. The Stockist may not sub-contract or sub-license any of its rights or obligations under this Agreement without the Distributor's prior written consent.

15.4 Failure or neglect by either party to enforce any of the provisions of this Agreement shall not be construed nor be deemed to be a waiver of such party's rights under this Agreement nor shall it prejudice such party's rights to take subsequent action. No waiver shall be effective unless made in writing. A waiver of any breach shall not constitute waiver of a subsequent breach.

15.5 Nothing contained in this Agreement and no action taken by the parties pursuant to this Agreement, shall be construed to imply that there is any relationship between the parties of partnership or principal/agent or of employer/employee nor are the parties engaging in a joint venture association or other co-operative venture.

15.6 No variation of this Agreement shall be effective unless agreed in writing by the parties except that the Distributor or O2 shall be entitled to amend, or publish new Brand Guidelines and Operations Guides from time to time, the terms of which shall be binding to the extent of references to their incorporation into this Agreement.

15.7 Any notice given to one party by the other under this Agreement shall be delivered by hand or sent by fax or recorded delivery mail to the party to be notified at the address set out at the beginning of this Agreement or such other address as the addressee shall notify in accordance with the provisions of this clause. Any such notice shall, in the absence of evidence of earlier receipt, be deemed to be given in the case of fax, upon receiving the relevant answer back or, in the case of recorded delivery mail, two working days after dispatch. Notices given by hand shall be deemed given on delivery.

15.8 If any one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained in this Agreement shall not in any way be affected or impaired by that so long as the commercial purpose of this Agreement is still capable of being fulfilled.

15.9 The construction, validity and performance of this Agreement shall be governed in all respects by English law and the Distributor and the Stockist irrevocably submit to the exclusive jurisdiction of the English Courts.

SCHEDULE 1

COMMISSIONS AND BONUSES

The Stockist shall be entitled to Commissions and Bonuses on the terms set out in this Schedule 1 or as otherwise specified by the Distributor from time to time. Please refer to the HSC Price Guide for current Commissions and Bonuses

SCHEDULE 2

PERFORMANCE CRITERIA

1. PERFORMANCE CRITERIA

The Stockist shall achieve the performance criteria set out in this Schedule 2. The Distributor shall be entitled to amend or add to the performance criteria set out in this Schedule 2 on 30 days notice in writing.

2. CONNECTIONS

In each quarter during the Term, the Stockist shall procure:

2.1 25 New Connections; and

2.2 30% convergence on New Connections to Secondary Connections.

3. ARP

In every quarter during the Term, the average Customer Bill Spend shall not be lower than £132 per quarter.

For the purposes of this paragraph 3, the Customer Bill Spend shall be calculated as the amounts paid by the Customer to O2 in respect of each Connection for Services supplied by O2 over the O2 Network to that Connection, and then the averages shall be taken across all of the Stockist's Connections.

4. CONTRACT LENGTH

In every month of the Term, at least 90% of all Connections shall have a minimum Term exceeding 24 months.

5. CUSTOMER SATISFACTION INDEX

In every quarter of the Term, Customers procured by the Stockist must register on O2's Customer Satisfaction Index (or equivalent survey) scores that are at least as high as the scores registered by Customers procured by O2's direct sales channels in the same quarter.

6. CHURN

6.1 The Stockist's Churn Percentage must not exceed 3.75% during any quarter of the Term.

6.2 For the purposes of this paragraph 6, the Churn Percentage shall be calculated as follows:

"**Average Base**" means, in the relevant quarter, the total base of Connections on the first day of the relevant quarter, plus the total base of Connections on the last day of the relevant quarter, divided by 2;

"**Churn Percentage**" means the total number of Connections that are disconnected during the relevant quarter, divided by the Average Base, then multiplied by 100.

7. NEVERPAYS

7.1 Connections procured in any month which are subsequently found to be Never Paid must not exceed 2% of total Connections in that month. For the purposes of this Schedule a Connection shall be deemed to be "Never Paid" in the event that the Customer fails to pay O2 within the first four months of the Minimum Term.

7.2 Example - If 500 Connections were procured in June, and 10 of those Connections are identified at the end of September as not having made any payment to O2, then the "Never Paid" level for June would be 2%.

SCHEDULE 3

BRANDING - USE OF O2 CORPORATE MARKS

1. INTRODUCTION

The Stockist shall use the O2 Corporate Marks strictly in accordance with clause 9 of the Agreement, this Schedule 3 and the Brand Guidelines. O2 or the Distributor may amend this Schedule 3 and/or the Brand Guidelines at any time in its absolute discretion by providing written notice to the Stockist.

2. INTERNET WEBSITES

The Stockist shall not use the O2 Corporate Marks on any internet website without O2's prior written consent. The Stockist shall not register as its own any domain names which include reference to O2. Any advertising made by the Stockist through its web-site in respect of Services shall conform to the Brand Guidelines or with such other procedures agreed in writing by O2 or the Distributor and the Stockist.

3. ADVERTISING

Any advertising referring to the O2 Corporate Marks shall only be conducted in accordance with clause 9 of the Agreement and the Stockist shall abide by any advertising approval process prescribed by O2 or the Distributor from time to time.

4. O2 CORPORATE MARKS

4.2 Provided O2 approves the design, the O2 Corporate Marks may be used on letterheads, compliment slips, invoices and business cards (together "**Permitted Material**") for the purposes of achieving the Stockist's obligations in this Agreement but may not be used in any other way or for any other purpose.

4.3 On any Permitted Material and when asked in any negotiations or discussions with End Users and other third parties it shall be made clear that the Stockist is not part of the O2 Group.

4.4 The O2 Corporate Marks or any other reference to O2 or its products or services may not be used in such a manner so as to mislead or misrepresent.

4.5 O2 or the Distributor shall have the right to request the Stockist to change any literature, advertising or promotional material, produced by or on behalf of the Stockist which O2 believes is detrimental to the validity or reputation of the O2 Corporate Marks or which misuses the O2 Corporate Mark or any other O2 trade marks or names and the Stockist shall immediately at its own cost comply with the request.

4.6 The Stockist shall not permit the O2 Corporate Marks to be used by anybody other than the Stockist