

Terms and Conditions of Agreement

This Agreement between J6 Limited ("J6") and ("the Client") is entered into in order to identify and achieve savings in the expense categories listed below on the basis and in accordance with the terms and conditions set out.

J6 is confident that it will identify savings to the Client's business. It is acknowledged by both J6 and the Client that it is the knowledge of J6 which is the valuable asset within this transaction. J6 intends to work alongside the Client to assist in implementation of its recommendations and therefore in order to achieve maximum savings, co-operation from the Client is essential.

1. Nominated Expense Categories

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The Client acknowledges that, at the date of this Agreement, no examination or consideration of the Nominated Expense Categories is being made by the Client or any other third party and there will be no duplication of any work carried out by J6.

2. Benchmark Prices

J6 will carry out an audit of the Client's business and identify the prices currently paid by the Client for items, products and / or services within the Nominated Expense Categories ("the Benchmark Prices").

3. J6's Report

J6 will analyze the information obtained from the Client in relation to the Nominated Expense Categories and will prepare and deliver a report ("J6's Report") detailing J6's findings to the Client. J6's Report will, where possible, set out recommendations / proposals which will achieve savings ("Expense Reductions") for the Client in the Nominated Expense Categories.

4. Acceptance and Implementation of J6's Report and Entitlement to Payment.

4.1 The Client shall be deemed to have full knowledge and to have accepted the information contained within J6's Report upon delivery of it. Any benefit derived, whether directly or indirectly, from the information contained within J6's Report shall be deemed an Expense Reduction entitling J6 to payment in accordance with this Agreement. It is acknowledged that the value in this transaction is contained within the information and knowledge of J6 which, when applied to the Client's business, will produce recommendations which will achieve savings. Accordingly, J6's entitlement to payment in accordance with clauses 5 to 8 of this Agreement arises following presentation of and receipt by the Client of J6's Report.

4.2 Within 5 days of receipt of J6's Report, the Client shall notify J6 whether it wishes J6 to assist with the implementation of the recommendations within J6's Report or whether the Client wishes to implement the recommendations itself. Implementation by the Client alone does not affect J6's entitlement to payment under clauses 5 – 8.

5. Calculation of Expense Reductions

Expense Reductions are calculated by comparing Benchmark Prices with new prices, credits or rebates ("New Prices") achieved by the Client whether with new or existing suppliers in relation to items within the Nominated Expense Categories following receipt of J6's Report. Expense Reductions equals the difference between Benchmark Prices and New Prices multiplied by quantities purchased by the Client.

It is accepted that where a basket of items, products or services form the Nominated Expense Categories, Expense Reductions may (at the sole discretion of J6) be calculated by using a statistical sample applied across the whole basket as follows:-

Where approximately 20% of the items or services in a Nominated Expense Category represent approximately 80% of the costs of a Nominated Expense Category, this sample will be used to calculate the Expense Reductions (in a percentage form) which will then be applied to the whole content of that Nominated Expense Category.

It is accepted that Expense Reductions may (at the sole discretion of J6) be deemed to be the difference in the Client's annual spend in relation to the Nominated Expense Categories following receipt of J6's Report compared to that annual spend prior to receipt of J6's Report.

Items which would reasonably be considered to fall within the Nominated Expense Categories but which are not included in J6's Report and in relation to which the client achieves savings following receipt of J6's Report will be deemed to form part of the Nominated Expense Categories and savings achieved upon such items will be Expense Reductions in accordance with this Agreement.

6. Calculation of J6's fee

J6's fee will be 50% of the projected Expense Reductions as set out in J6's Report and / or Expense Reductions achieved by the Client during the Implementation Period as set out in the following sub-clauses.

6.1 An initial fee equivalent to 25% of the projected Expense Reductions as set out in J6's Report will be payable by the Client upon receipt of J6's Report. The Initial fee forms part of the payment referred to in clauses 6.2 – 8.

6.2 J6 will be entitled to payment equal to 50% of the Expense Reductions achieved by the Client in each 12 month period ("the Implementation Periods") following the dates upon which the Client first takes steps to implement each stage of the proposals relating to each Nominated Expense Category as set out in J6's Report.

6.3 For the avoidance of doubt, in the event of a staggered, staged or delayed implementation by the Client (for example in respect of different locations or offices within the Client Company), individual Implementation Periods will apply for each stage of implementation.

6.4 J6 relies on the client's willingness, close co-operation and assistance to generate the Expense Reductions as set out in J6's Report and should the Client prevaricate or fail to implement the recommendations within 8 weeks of receipt of J6's Report J6 can, at its sole discretion, decide to calculate and charge its fee as 50% of the projected Expense Reductions contained in J6's Report received by the Client. If J6 decides to charge on this basis, then payment of the fee becomes due immediately.

6.5 To ensure that the level of Expense Reductions is maintained following the Implementation Period, J6 will continue to review and monitor the Nominated Expense Categories for a fixed monthly fee of £ ___ plus VAT per Category or, if more than one Category £ ___ plus VAT per month, whichever is the smaller.

6.6 All references in this Agreement to the fees of J6 are exclusive of VAT. VAT at the relevant rate will be added to all fees J6 charges.

7. Time for Payment

J6 shall periodically render invoices to the Client in respect of its fees under paragraph 6, such invoices shall be payable within 7 days of receipt by the Client. In default of payment, J6 shall be entitled to charge the Client interest on a daily basis (both before and after judgment) at the annual rate of 10% above HSBC Bank PLC base banking rate from time to time enforce.

8. Access to Records

The Client shall provide J6 access at all times to all relevant records and information relating to the Expense Reduction Category/ies and shall, at the reasonable request of J6, supply to J6 such information / documentation as requested from time to time. If such access is not possible or alternatively denied by the Client or if the Client fails or refuses to supply the information / documentation reasonably requested by J6, then the projected Expense Reductions as set out within J6's Report (as may be amended by J6 from time to time) shall form the basis of the fees payable to J6 in accordance with clauses 6 to 8 and the fee will become payable immediately.

9. Confidentiality and Intellectual Property

Both parties will treat as confidential all information made available by one to the other in whatever format and, in particular, neither party shall use or disclose to any third party (except with the written consent of the other) any information disclosed to it and will not utilise that information for any purpose other than the implementation of this Agreement. All or any intellectual property rights howsoever arising in relation to the concepts, systems, processes and methods (including any intellectual property rights attaching to any computer programmes, source codes etc utilised for the purpose) shall at all times belong to J6 and nothing contained herein shall be deemed to confer any rights on the Client in respect of such intellectual property rights save a licence granted by J6 to enable the parties to implement this Agreement.

10. No Guarantee / Warranty as to Supply

J6 is not a supplier of the products or services which enable the Client to achieve Expense Reductions. Accordingly, whilst J6 will use its best endeavours to assist the Client in establishing and verifying the suitability of such suppliers it gives no warranty or guarantee as to the quality of any such products or services so supplied.

11. Breach of Agreement

In the event of any breach of this Agreement by the Client, J6 shall be entitled to immediate payment of an interim fee, the initial calculation of which will be as set out at clauses 6 to 8 and may be based on the projected Expense Reductions for the Implementation Period less any payments already received.

12. Non-referral / Non-solicitation

12.1 This agreement is personal to the parties and the recommendations set out in J6's Report may only be implemented and utilised by the Client and not by any third party, including any associated, parent, holding or subsidiary company of the Client without the prior written consent of J6. Should the Client breach this clause, J6 shall be entitled to claim by way of damages from the Client a sum equal to 50% of any Expense Reductions generated directly or indirectly by the third party for the period of 1 year from the date of breach.

12.2 J6 is likely to utilise the services of third parties to assist implementation of the recommendations by the Client. Such third parties are dedicated specialists in the particular field or area of work undertaken in each case. The third party specialist may be introduced to the Client by J6. Such introduction is specifically for the purpose of implementing the recommendations set out in J6's Report and the Client must not refer such third party specialist either directly or indirectly to any other company, organisation or private individual. Should the client refer any such third party specialist in breach of this clause, the Client will be liable to pay J6 by way of compensation 50% of any Expense Reductions achieved by the company, organisation or individual to whom the third party specialist has been referred.

12.3 In the event that the Client enters into any insolvency procedure or undergoes a change of ownership, whether by merger, take-over, management buy out whether as a result of insolvency or otherwise prior to the end of the Implementation Period, J6 shall be entitled to immediate payment of any balance of its fee which would be calculated in accordance with clauses 6 to 8 on the basis of the projected Expense Reductions as set out in J6's Report.

13. General

13.1 The Contracts (Rights of Third Parties) Act 1999 is not intended to apply to this Agreement and third party rights granted thereunder should be excluded herefrom to the full extent permitted by law.

13.2 This Agreement constitutes the entire agreement between the parties hereto and no oral representation shall be incorporated herein and no alteration or amendment to this agreement shall be effective unless in writing and signed by both parties.

13.3 This Agreement shall be governed by English law and the parties agree to submit themselves to the exclusive jurisdiction of the English Courts.

The Client	Name	J6 Ltd	Name
	Signed by		Signed by
	Date		Date

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Turning cost into profit

Registered in England No. 3788679 - 3 Portland Terrace Newcastle upon Tyne NE2 1QQ

The Process

- All the work is done by J6.
- We will be provided with a copy from the nominal ledger relating to the project category being worked.
- Photocopies of all invoices going back three to twelve months will be taken.
- The information from the invoices will be transferred to a database to establish the benchmark prices and for analysis.
- Prices will be obtained from incumbent suppliers if you wish, and other suppliers able to deal with your service and requirements. The quality of product supplied would be identical or like for like.
- Report generated and presented typically four to six weeks from the audit date.
- Implementation.
- Post audits for twelve months.

Fees

Assume we project an annual saving of £10,000

When we present you with a report, we also submit an invoice for 25% of the projected savings* £2,500

We then implement, and at quarterly intervals perform a post audit.

There are three possible outcomes:

(a) Confirmation of actual savings, as predicted , for the quarter	£2,500
We present an invoice for 50% of the savings	£1,250
<u>Less</u> ¼ of the initial fee already paid	£625
Amount due	£625
(b) Actual savings for the quarter higher than projected, say	£3,000
We present an invoice for 50% of the savings	£1,500
<u>Less</u> ¼ of the initial fee already paid	£625
Amount due	£875
(c) Actual savings for the quarter lower than projected, say	£2,000
We present an invoice for 50% of the savings	£1,000
<u>Less</u> ¼ of the initial fee already paid	£625
Amount due	£375

At no time will the client pay more than 50% of the actual savings

**The client should be aware that from the date of the audit to presentation of the initial savings report takes 4-6 weeks and following implementation, the first post audit report could be as long as 6 months following the commencement of the project.*