

ENCOMPASS DISTRIBUTOR AGREEMENT
SBC/TELMEX MARKETING

ADDENDUM TO MARKETING SERVICES AGREEMENT made this _____ day of _____, 20_____, by and among Encompass Communications, L.L.C., a Texas limited liability company ("DISTRIBUTOR") and _____, a _____ corporation ("MARKETER") (DISTRIBUTOR and MARKETER are sometimes herein referred to collectively as the "Parties" and individually as a "Party").

RECITALS

1. DISTRIBUTOR and MARKETER desire to enter into an agreement whereby MARKETER will distribute TELMEX USA Prepaid Phone Cards (the "Cards") described in, and under the terms and conditions of that certain Card Distribution Agreement ("Card Distribution Agreement") dated February 1, 2004, and subsequent agreements entered into between TELMEX USA, L.L.C. ("TELMEX USA"), a Delaware Limited Liability Company, and DISTRIBUTOR.

2. The Card Distribution Agreement specifically allows DISTRIBUTOR to market and distribute the Cards utilizing and under the trade names, service marks, trademarks and logos (Collectively, the "Marks") developed by TELMEX USA or its affiliate companies and by SBC Global Services, Inc. or its affiliate companies ("SBC"), subject to the restrictions and protections contained in the Card Distribution Agreement.

3. In consideration of the promises and the mutual agreements contained in this Agreement as a mutual inducement for the Parties to execute and deliver the Agreement, and for other consideration, the receipt and sufficiency of which both Parties acknowledge, the Parties agree as follows:

ARTICLE I - OBLIGATIONS AND UNDERTAKINGS OF MARKETER

1.01 Representations and Covenants. MARKETER hereby represents and covenants to DISTRIBUTOR that:

(a) MARKETER is duly organized and existing under, and by virtue of, the laws of the State of _____ and is in good standing under such laws. MARKETER has the requisite corporate powers to own and operate its properties and assets, and to carry on its business as presently conducted and as proposed to be conducted. MARKETER is duly qualified to do business and is in good standing in each jurisdiction in which the conduct of its business, as contemplated by this Agreement, requires such qualification.

(b) MARKETER has all requisite legal power to market and promote the sale of the Cards and has all requisite legal and corporate power to execute and deliver this Addendum and

the Agreement and to carry out and perform their respective obligations under this Addendum and the Agreement.

(c) All corporate action on the part of MARKETER, its officers and directors necessary for the authorization, execution and performance of this Addendum and the Agreement has been taken or will be taken. This Addendum and the Agreement, when executed by MARKETER, shall constitute a valid and binding obligation of MARKETER, enforceable in accordance with its terms.

(d) MARKETER is not in violation of any term of its articles of incorporation or bylaws or in any material respect of any term or provision of any statute, rule, regulations, judgment, decree, order, indenture, contract, agreement or instrument applicable to or binding upon it. The execution, delivery, performance of and compliance with this Addendum and the Agreement has not resulted and will not result in any violation nor be in conflict with or constitute a default under any such statute, rule, regulation, judgment, decree, order, indenture, contract, agreement or instrument.

1.02 Promotion of Cards. In cooperation with DISTRIBUTOR, MARKETER shall promote the Cards to eligible downstream distributors and retailers. To this end, MARKETER shall:

(a) MARKETER shall, and agrees to use best efforts to cause the downstream distributors and retailers under its distribution channel to **display all point-of-sale materials provided** by DISTRIBUTOR, TELMEX USA, and/or SBC and to place promotional materials in clearly visible locations within the points of sale. Except as may be authorized herein, MARKETER and its downstream distributors and retailers **shall not make any material revisions, changes, or modifications to the Cards or the promotional materials provided** by DISTRIBUTOR, TELMEX USA, and/or SBC.

(b) MARKETER may distribute Cards under the Marks. MARKETER will not display or use any Marks, and will not permit the same to be displayed or used by third parties, other than in connection with the distribution or promotion of the Cards. Absent prior written consent of DISTRIBUTOR, TELMEX USA and/or SBC, as applicable, MARKETER **will not use any part of the Marks on any material**, as part of their own name, service marks or trademarks, or in any other manner not approved by DISTRIBUTOR, TELMEX USA and/or SBC, as applicable.

The Marks are proprietary to TELMEX USA and/or SBC or their respective affiliate companies and nothing in the Agreement constitutes the grant of a general license for their use. Upon termination of the Agreement, any and all rights or privileges of MARKETER to use the Marks under the Agreement will expire except as to any Cards that are then activated, issued and in use. MARKETER agrees to include, and require its downstream distributors and retailers to include, such restrictions in the downstream distribution agreements as a material obligation under such agreements, the breach of which will authorize the termination of such agreements for cause.

(c) **MARKETER may not sell or distribute Cards in Mexico. Cards may not be sold at retail prices higher than their face value.** MARKETER agrees to include such prohibition in its downstream distribution agreements as a material obligation under such agreements, the breach of which will authorize the termination of such agreements for cause. MARKETER hereby covenants that it will not sponsor or participate in any illegal multi-level marketing or distribution plan or system with regard to Cards, and that it will ensure that any distribution of Cards, whether directly by MARKETER or indirectly through other distributors, will comply with this Agreement.

(d) **MARKETER is authorized to sell Cards in the Covered Markets detailed in Exhibit A. MARKETER may not sell Cards anywhere other than in the Covered Markets. MARKETER will notify DISTRIBUTOR of the States in the Covered Markets in which it sells or distributes Cards, and will use commercially reasonable efforts to provide such notice at least 20 days prior to first sale or distribution of Cards in such State.** MARKETER agrees to include, and require its downstream distributors and retailers to include, such restrictions and notice requirements in the downstream distribution agreements as a material obligation under such agreements, the breach of which will authorize the termination of such agreements for cause. MARKETER will be held responsible for any and all liabilities incurred for card sales made by MARKETER outside MARKETER's Covered Markets, which may include severe fines and penalties by the State Public Utilities Commission. MARKETER's sale of Cards outside the Covered Markets will be grounds for termination of the Agreement.

(e) Upon termination of the Agreement and earlier upon DISTRIBUTOR's or TELMEX USA's request, MARKETER will:

(i) return to DISTRIBUTOR within 30 days, at DISTRIBUTOR's expense, all Cards and promotional materials in its possession, and

(ii) use its best efforts to obtain from MARKETER's downstream distributors and retailers all such Cards and promotional materials in their possession and return them to DISTRIBUTOR within 30 days, at DISTRIBUTOR's expense.

(f) MARKETER will terminate any of its downstream distributors and retailers as provided in the Agreement, this Addendum, or the Card Distribution Agreement, or otherwise upon DISTRIBUTOR's reasonable written request. If MARKETER fails to terminate a downstream distributor or retailer within 30 days after receiving the termination request, MARKETER will be in material breach of the Agreement, and DISTRIBUTOR may terminate the Agreement and pursue any available remedies, at law or in equity.

1.03 Covered Markets.

(a) The markets in which MARKETER will serve as a non-exclusive agent for the sale of the Cards are as set forth in Exhibit A (the "Covered Markets"). DISTRIBUTOR reserves the right to withdraw from any of the Covered Markets for any reason, in its sole discretion. DISTRIBUTOR will use reasonable efforts to notify MARKETER before withdrawing from a Covered Market.

1.04 Restriction on Marketing Cards.

(a) During the term of this Agreement, MARKETER will not market, permit to be marketed, nor in any way facilitate the marketing of prepaid calling cards that are the same as or similar to the Cards marketed for DISTRIBUTOR under the Agreement, in the geographic areas currently served by DISTRIBUTOR or MARKETER, or any of their affiliated companies, including the Covered Markets as defined in Exhibit A, and any amendments thereto, without the prior written approval of DISTRIBUTOR.

(b) During the term of this Agreement and for one year thereafter, MARKETER will not directly or indirectly offer, or distribute prepaid calling cards for TELMEX USA or SBC that are the same as or similar to the Cards marketed for DISTRIBUTOR under the Agreement, in the geographic areas currently served by DISTRIBUTOR or MARKETER, or any of their affiliated companies, including the Covered Markets without the prior written approval of DISTRIBUTOR.

1.05 Card/Pin Based Billing.

DISTRIBUTOR shall charge MARKETER for each card or PIN delivered as set forth in Exhibit A to this Agreement (referenced in Section 1.07 hereof).

1.06 Timing of Payment.

DISTRIBUTOR will invoice MARKETER weekly (each time Cards or Pins are activated for the MARKETER). Such amounts invoiced on or before each Friday from DISTRIBUTOR shall be due and payable, without deduction or offset of any kind, by wire transfer / cashier's check of immediately available funds from MARKETER to bank(s) designated by DISTRIBUTOR by 2:00 p.m. on Friday of the following week. Interest at the rate of one and one-half percent (1-1/2%) per month shall also apply on all balances not paid timely. DISTRIBUTOR shall have the right to suspend Service or terminate the Agreement in the event full payment is not timely made in accordance with this Agreement.

1.07 Pricing. DISTRIBUTOR agrees to charge MARKETER in accordance with the pricing schedule set forth in Exhibit B. Further, if DISTRIBUTOR is notified by an underlying carrier that it will impose a new higher local, domestic or international long distance rate schedule, DISTRIBUTOR will have the right, without prior notice to or consent from MARKETER, to make immediate revisions to Exhibit B of this Agreement. If MARKETER rejects the price revisions, it shall notify DISTRIBUTOR in writing and this Agreement will terminate without penalty fifteen (15) days thereafter; provided, however, that the new pricing schedules will be in effect for such fifteen (15) day period.

1.08 Term. This Agreement shall commence on the date set forth on the signature page and, subject to the price changing provisions of Section 1.07 hereof and the termination provisions of Section 3.03 hereof, shall continue in full force and effect. This Agreement may be terminated by either party giving the other party written notice fifteen (15) days prior to termination.

1.09 Disputed Charges. MARKETER shall notify DISTRIBUTOR in writing of disputed charges within seven (7) days of receiving the invoice containing the disputed charge. MARKETER shall provide documentation reasonably requested by DISTRIBUTOR to resolve the dispute. MARKETER and DISTRIBUTOR shall exercise reasonable, good faith efforts to resolve the disputed charges. Failure to contest a charge within thirty (30) days of the date of the MARKETER's receipt of an invoice shall create an irrefutable presumption of the correctness of the charge, absent manifest error. If MARKETER and DISTRIBUTOR fail to resolve the disputed charge within thirty (30) days from the date of the MARKETER's receipt of an invoice, the disputed charge shall be subject to the dispute resolution procedures set forth in this Agreement. MARKETER shall be responsible for and shall reimburse DISTRIBUTOR for all costs and expenses associated with fraudulent usage or counterfeit cards. In event any disputed charge is resolved in favor of customer, appropriate refund or credit shall be provided to MARKETER within fourteen (14) days of resolution.

1.10 Satisfaction of Rules, Procedures and Guidelines. MARKETER shall comply with the policies, procedures, guidelines, rules, rate books, regulations and instructions provided by DISTRIBUTOR, or as required under the this Agreement, or as otherwise required by any federal, state, or local governmental authority having appropriate jurisdiction over the Cards as may be issued from time to time.

1.11 Compliance with Applicable Laws. MARKETER shall perform the duties and obligations pursuant to this Agreement in strict conformance with all applicable federal, state and local insurance and other laws, regulations and ordinances and be duly licensed, if

required, by all regulatory and governmental authorities having jurisdiction.

1.12 Authority. MARKETER's authority shall extend no further than is stated in this Agreement. MARKETER shall not undertake to make, alter, or discharge any contract or waive any forfeiture, or extend the time for payment by any customer, or waive payments in cash, or incur debts or obligations in the name of DISTRIBUTOR, or obligate DISTRIBUTOR in any way.

1.13 Litigation. MARKETER shall not institute legal proceedings for any cause arising out of the business transacted under this Agreement unless DISTRIBUTOR shall have been notified in writing of such action or the proposed action prior to the institution of such legal proceedings and shall have consented thereto in writing. In no event shall MARKETER have any authority to institute, compromise or settle any litigation or administrative proceeding in the name of DISTRIBUTOR or on DISTRIBUTOR'S behalf.

1.14 Return Policy - Cards. DISTRIBUTOR will not accept the return of Cards it does not design, manufacture and distribute. MARKETER may return unused, unactivated Cards that DISTRIBUTOR designed, manufactured and distributed for a refund or credit within 180 days of sale to MARKETER from DISTRIBUTOR. DISTRIBUTOR may elect, in its sole discretion, to issue a credit for those Cards returned more than 180 days after purchase. MARKETER must have prior authorization for all returns and exchanges. MARKETER shall pay all costs of shipping and handling. MARKETER shall assume all risk of loss for damaged, lost or stolen Cards. DISTRIBUTOR shall not issue a refund or credit unless and until it receives and inspects the returned Cards. MARKETER is encouraged to purchase insurance for all return packages. DISTRIBUTOR shall first apply any refund or credit due to MARKETER to any outstanding balance of MARKETER before issuing a refund or credit. All returns are subject to a 3% restocking fee.

1.15 Return Policy - PINs. DISTRIBUTOR will not accept the return of PINs it does not sell in the regular course of business. MARKETER may return of the remaining value of unused PINs sold to MARKETER by DISTRIBUTOR for a credit or refund within 180 days of purchase. DISTRIBUTOR may elect, in its sole discretion, to issue a credit for those PINs returned more than 180 days after purchase. MARKETER must have prior authorization for all returns and exchanges. MARKETER shall pay all costs of shipping and handling. MARKETER shall assume all risk of loss for damaged, lost or stolen Cards. DISTRIBUTOR shall not issue a refund or credit unless and until it receives and inspects the returned Cards and PINs. MARKETER is encouraged to purchase insurance for all return packages. DISTRIBUTOR shall first apply any refund or credit due to MARKETER to any out-

standing balance of MARKETER before issuing a refund or credit. All returns are subject to a 3% restocking fee.

ARTICLE II - INDEMNIFICATION

2.01 Indemnification of Marks. In addition to any obligations to indemnify under the Agreement, MARKETER agrees to protect, defend, indemnify and hold harmless DISTRIBUTOR, its officers, agents and employees against any claim, including reasonable legal or other expenses incurred as a result of MARKETER's unauthorized use of the names, logos and trademarks of DISTRIBUTOR or any other party, specifically including the Marks of TELMEX USA and SBC.

2.02 Regulatory Laws Indemnification. In addition to any obligations to indemnify under the Agreement, MARKETER agrees to indemnify, defend and hold harmless DISTRIBUTOR and its respective officers, agents and employees against any claim including reasonable legal or other expenses incurred by DISTRIBUTOR which arises out of or is based upon any complaint, or any administrative action or proceeding, investigation, application, report, or other papers filed with any regulatory or governmental authority with jurisdiction over the subject matter.

2.03 Market Conduct. In addition to any obligations to indemnify under the Agreement, MARKETER will indemnify, defend and hold harmless DISTRIBUTOR and its affiliates and their respective directors, officers, agents and employees from and against all claims that they (or any of them) may sustain due to or arising out of the Market Conduct Activities of MARKETER (or any of its employees, career agents, affiliates or any other person or entity in its hierarchy) on DISTRIBUTOR'S behalf. But MARKETER will not be obligated under this Section 4.04 to the extent a claim arises out of the use by MARKETER or any of its agents or subagents of promotional materials that DISTRIBUTOR provided or approved if the use was

proper and within the purposes for which DISTRIBUTOR provided or approved the materials. "Market Conduct Activities" means the marketing, solicitation, promotion, application, and sale of the Cards, and all acts, omissions, facts, matters, transactions, occurrences and verbal or written statements or representations made in connection with, or directly or indirectly relating to, these activities.

ARTICLE III - TERMINATION AND SUSPENSION OF SERVICES

3.01 Automatic Termination. In addition to any other termination rights under the Agreement, the Agreement will automatically terminate upon the dissolution, bankruptcy, insolvency or assignment for the benefit of creditors of either Party to this Agreement.

3.02 Termination of Card Distribution Agreement. In addition to any other termination rights under the Agreement, the Agreement will automatically terminate upon the termination of the Card Distribution Agreement between DISTRIBUTOR and TELMEX USA, L.L.C..

3.03 Regulatory Suspension or Termination. Notwithstanding any provision herein or in the Agreement to the contrary, DISTRIBUTOR may suspend services or terminate the Agreement immediately in the event of a material change in the regulatory rates, licenses and approvals as may be necessary for the provision of the Cards prior to the end of the term of the Agreement, notice of a regulatory violation is received by DISTRIBUTOR, or in the reasonable discretion of DISTRIBUTOR, there is potential for an alleged regulatory violation of any applicable laws, rules, or regulations of any governmental authority.

3.04 Survival. Sections 1.02 through 2.03 and Exhibit A of this Agreement will survive the termination or expiration of the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum and the Agreement as of the day and year first above written.

For MARKETER:

FOR ENCOMPASS:

Sign Date

Sign Date

Print Name Title

Print Name Title

SBC/TELMEX MULTIFON CARD MARKETING
EXHIBIT A

COVERED MARKETS FOR MULTIFON CARD

Arizona
Arkansas
California
Colorado
Connecticut
Delaware
District of Columbia
Florida
Georgia
Idaho
Illinois
Indiana
Iowa
Kansas
Kentucky
Maryland
Massachusetts
Michigan
Missouri
Montana
Nevada
New Hampshire
New Jersey
New Mexico
New York
North Carolina
North Dakota
Ohio
Oregon
Pennsylvania
Rhode Island
Texas
Utah
Virginia
Washington
Wisconsin
Wyoming

**Please indicate (by circling) States you, as a Marketer, intend to initially sell into.
You must give Encompass 20 days notice of your intent to sell into additional states not indicated.**

Additional States will be added to the list of Covered Markets upon attaining all necessary regulatory authority licenses and approvals in such States and as the Cards are offered for sale in such States.

SBC/TELMEX MULTIFON CARD MARKETING
EXHIBIT B