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12 00 07 1998
BIRD & BIRD

Our Ref:

MEMORANDUM

Your Ref:

Legally Privileged & Confidential

TO: George McCorkell, BA
Paul Rich, POCL

cc: Joe Ashton, Post Office Legal Services
Pat Kelsey, BA/POCL Programme
Ron Powell, DSS Solicitor's Office
Jeff Triggs, Slaughter & May

FROM: Hamish Sandison, Bird & Bird **GRO**

DATE: 8 October 1998

RE: STANDSTILL AGREEMENT

90 Fetter Lane
London EC4A 1JP

Telephone

GRO

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GRO

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GRO

Web Page

www.twobirds.com

Partners
D Harriss
G E Camps
D M Gaythwaite
T M Cook
R N Scott
P J Christie
P Smith
D W Byam-Cook
G J H Smith
J R C Walkey
D Kerr
M Macdonald
D M C Stone
C W Rees
P D Quinan
H R Sandison
D H Ayers
R J Ward
C M Crosthwaite
N T Jenkins
R M Bickenstaff
S K Topping
T C G Tether
H E Pearson
V S A Crook
T R D Asserson
J Stannard
C J R Barrett
D C J Cook
J M Gynell
M R Hafke
G Powell
A J Sanderson
H J Rubin
J W Baker
P R Brownlow
I D Hunter
F A Reeve
J Sims
P C Dally
R H Butterworth
N S P Blundell

I attach a copy of the Standstill Agreement as signed by all the parties and the Adviser on Tuesday. I am keeping your originals here in case they are needed at short notice. Richard Christou and Graham Corbett each have a signed original of their own.

8/10

(1) Copy Sandison,
Jeff Triggs,
Joe Ashton,
Hamish

(2) My Files in
camps
P. W.

Consultants
K T C Arnold
S N L Chalton
P J Dann

R F Wooten*
Dr I N Walden*

*not a solicitor



STANDSTILL AGREEMENT

BETWEEN

SECRETARY OF STATE FOR SOCIAL SECURITY

-and-

POST OFFICE COUNTERS LTD

-and-

ICL PATHWAY LIMITED

STANDSTILL AGREEMENT

THIS AGREEMENT is made the **6th** day of October 1998

BETWEEN

- (1) The SECRETARY OF STATE FOR SOCIAL SECURITY, acting through and on behalf of the Department of Social Security and on behalf of the Department of Health and Social Security for Northern Ireland ("DSS")
- (2) POST OFFICE COUNTERS LTD whose registered office is situated at King Edward Building, King Edward Street, London, EC1A 1AA ("POCL")

(DSS and POCL being referred to collectively as the "Authorities"); and
- (3) ICL PATHWAY LIMITED whose registered office is situated at 26 Finsbury Square, London, EC2A 1DS ("Pathway") (formerly known as Pathway Group Limited)

WHEREAS

- A. The parties entered into, inter alia, three agreements dated 15 May 1996, and known to the parties as (1) the Authorities Agreement (2) the DSS Agreement and (3) the POCL Agreement (together the "Related Agreements").
- B. Pursuant to the Related Agreements Pathway contracted to provide to the Authorities the design, development, integration and establishment of certain computer facilities ("the Service Infrastructure") and the support, operation and management of such facilities and other related services ("the Services")
- C. Differences and disputes (together "the Differences") have arisen between the parties as to the provision of the Service Infrastructure and the Services.
- D. The parties have agreed that, in order to facilitate resolution of the Differences, there should be a period (the "Standstill Period") during which the parties shall be prohibited from issuing legal proceedings under the Related Agreements and during which they shall use best endeavours to resolve the Differences ("the Process").
- E. The parties have agreed to Graham Corbett assuming the role set out in the terms of reference dated 15th September 1998 to facilitate the Process.
- F. The parties have agreed that work and activity to be carried out under the Related Agreements shall not cease during the Standstill Period.

In consideration of the parties not instituting legal proceedings

NOW IT IS HEREBY AGREED AS FOLLOWS:-

1. Unless otherwise stated all terms which are defined in the Related Agreements shall have the same meanings in this Agreement.
2. The Standstill Period shall be from 16 September 1998 until this Agreement is terminated in accordance with Clause 8 hereof.
3. During the Standstill Period, the parties shall not issue or commence legal proceedings or make any application to Court in respect of the Differences or otherwise in respect of the Related Agreements save as provided in Clause 9 hereof.
4. The parties agree that the Alternative Dispute Resolution procedure set out in Clause 807 of each of the Related Agreements shall be deemed to have taken place during the Standstill Period so that, should full resolution of the Differences not be reached, the parties can proceed to act in respect of the Differences in accordance with 104.1 of each of the Related Agreements at the end of the Standstill Period.
5. Work and activity to be carried out under the Related Agreements shall not cease during the Standstill Period. Save as provided herein, all terms and conditions of the Related Agreements shall remain in force and all existing rights and obligations of the parties shall not be affected by this Agreement.
6. The parties shall treat as confidential and shall not disclose the terms of this Agreement save as required by any duly authorised Court or other legal or governmental body.
7. All the parties undertake to each other and agree that:
 - a. The Process is and will be kept confidential;
 - b. The Parties and their advisers shall keep all statements, documents, reports or other materials whether made orally or in writing ("the Materials") which are created or produced during the Process including any settlement agreement arising from the Process confidential save in so far as disclosure is required for the purpose of fulfilling and enforcing such agreement or by any duly authorised Court or other legal or governmental body;

- c. The Process will be conducted on the same basis as without prejudice negotiations conducted during proceedings initiated in the Courts of England and Wales;
- d. Materials which are created for the Process shall be inadmissible and not subject to disclosure or discovery in any arbitration, legal or other similar proceedings. For the avoidance of doubt, Materials which are otherwise admissible, disclosable or discoverable shall not become inadmissible, non-disclosable or non-discoverable by reason of their production during the Process.

None of the parties may have access to any notes or other documents created solely for the purposes of the Process by Graham Corbett, or any of his legal advisers or other representatives or advisers, whether such notes or other documents are created before, during or after the Standstill Period, or call any of them as witnesses, in respect of their participation in the Process, in any proceedings between the parties.

- 8. This Agreement shall, unless extended by the written agreement of all the parties, terminate on the first to occur of the following:
 - i. the written agreement of all the parties to terminate this Agreement; or
 - ii. midnight on 16th October 1998.
- 9. If any party issues or commences legal proceedings in breach of this Agreement, any other party may issue legal proceedings to seek such relief as it deems appropriate to enforce the terms of this Agreement. Subject to the overriding discretion of the Court, the parties agree that the appropriate relief will be the striking out (and not the stay) of any legal proceedings issued or commenced in breach of Clause 3 hereof.
- 10. This Agreement shall be considered as an agreement made in England and shall be governed by and construed according to laws of England and Wales and shall be subject to the exclusive jurisdiction of the Courts of England and Wales to which the parties hereby submit.
- 11. This Agreement is without prejudice to any arbitration procedure agreed by two or more of the parties to resolve any specific dispute between them, including the counterspace dispute between POCL and Pathway, which shall not be affected hereby.

12. Mr Corbett shall not be liable for any act or omission in the discharge or purported discharge of his functions as independent adviser in the Process unless such act or omission is shown to have been in bad faith.

IN WITNESS WHEREOF this Agreement has been executed on behalf of the parties as follows:-

Signed for and on behalf of the Secretary of State for Social Security

By:

GRO

Name:

GRAHAM CORBETT

Title:

PROJECT DIRECTOR

Signed for and on behalf of POCL

By:

GRO

Name:

PAUL RICH

Title:

DIRECTOR

Signed for and on behalf of Pathway

By:

GRO

Name:

RICHARD CHRISTOU

Title:

DIRECTOR

I hereby acknowledge that I am bound by the provision set out in Clause 7.

Signed

GRO

Name:

Graham Corbett

Date: