

No. 0142200

Fujitsu Services Holdings plc

Minutes of a Meeting of the Board of Directors

held on 28 March 2003 at 26 Finsbury Square, London EC2A 1SL

Present: R. Christou (in the Chair)

T. Adachi

In attendance: R. Moseley

R.A.J. Alnutt

Apologies: H. Hirata

K. Kurokawa

BACKGROUND

1. It was noted that notice had been given to all the Directors of the Meeting and there was a quorum present.
2. It was reported that the meeting had been convened to consider certain actions to be taken by the Company pursuant to a proposed restructuring (the "Restructuring") of the Fujitsu Services group in the United Kingdom (the "FS Group"). It was explained that the primary reasons for the Restructuring were:
 - (a) to enable the Company to continue paying preference dividends out of profits available for distribution in respect of its Preference Shares and to fully or partially repay amounts owing in respect of its Preference Shares of approximately £168,000,000 in July 2005; and
 - (b) to improve the financial position of Fujitsu Services Limited ("FSL"), a subsidiary of the Company, so as to provide further comfort and confidence to its customers and suppliers and reflect the FS Group's improving financial performance.
3. There was tabled before the meeting a copy of a memorandum setting out in outline the terms of the Restructuring which was envisaged in relation to the FS Group (the "Restructuring Memorandum"). It was explained that, as part of the Restructuring, the Company would be required to perform various actions pursuant to Steps 1, 3, 4 and 5 of the Restructuring Memorandum. The meeting would consider the commercial reasons for and legal issues relating to these proposed actions and, if appropriate, approve these actions in anticipation of the Restructuring.

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LEGAL ISSUES

4. There was produced to the meeting a memorandum from the Company's legal advisors, Mayer, Brown, Rowe & Maw explaining the principal legal issues arising in relation to the proposed Restructuring and the matters to be considered by the directors of the relevant FS Group companies ("Legal Issues Memorandum"). The directors considered the Legal Issues Memorandum.

GUARANTEE IN RELATION TO PATHWAY CONTRACT

5. It was noted that as part of Step 1 of the Restructuring, all rights, obligations and liabilities of Fujitsu Services (Pathway) Limited ("FSP") under the contract between FSP and Post Office Limited dated 28 July 1999 (including the amended form of that contract agreed on 31 December 2002) (the "Pathway Contract") would be novated to FSL pursuant to a novation agreement to be entered into between FSP, FSL and Post Office Limited (the "Novation Agreement").
6. It was noted that the Company was party to a guarantee entered into on 31 December 2002 (the "Guarantee") relating to FSP's obligations and liabilities under the Pathway Contract. It was also noted that the provisions of the Guarantee confirmed that, following execution of the Novation Agreement, the Company would guarantee the performance FSL's obligations and liabilities (in substitution for FSP's obligations and liabilities) under the Pathway Contract. Consequently, no re-statement or re-execution of the Guarantee was required as part of the Restructuring.

CONSENT AGREEMENT IN RELATION TO PATHWAY CONTRACT – DEED OF RELEASE

7. It was reported to the meeting that there existed two consent agreements as follows:
 - 7.1 the first, an agreement dated 16 September 1997 between (1) The Secretary of State for Social Security (on behalf of DSS), (2) Post Office Limited (formerly Post Office Counters Limited), (3) the Company, (4) FSP and (5) Fujitsu Services (Pathway Asset Company) Limited ("FSPAL") (including an amendment to this consent agreement noted in a letter from Bird & Bird dated 19 September 1997 concerning the correction of the registered office of Post Office Counters Limited as set out in the consent agreement); and

- 7.2 the second, a deed dated 14 December 1999 between (1) Post Office Limited, (2) the Company, (3) FSP and (4) FSPAL;

(together, the "Consent Agreements") pursuant to which certain financing arrangements and corporate structures can only be changed with the consent of the relevant parties to the Consent Agreements. Under the Consent Agreements the Company provides certain guarantees to Post Office Limited and DSS, including the performance of FSP's obligations under the Consent Agreements.

8. It was reported to the meeting that all borrowings under the finance arrangements referred to in the Consent Agreements had been repaid in full and that the financing arrangements and corporate structures falling within the scope of the Consent Agreements would no longer need to be maintained as provided for in the Consent Agreements. Consequently it was desirable that the parties to the Consent Agreements were released from their obligations under those agreements.
9. There was produced to the meeting a form of deed of release from the Consent Agreements to be entered into between (1) Post Office Limited, (2) FSP, (3) FSPAL and (4) FSH (the "Deed of Release"). It was noted that under the Deed of Release with effect from 00:01 on 31 March 2003:
- 9.1 the parties would release each other from all obligations and liabilities (if any) and waive all rights they had in respect of each other under or in relation to the Consent Agreements;
- 9.2 as between any or all of the parties to the Deed of Release the Consent Agreements would be deemed to be terminated and of no effect; and
- 9.3 the terms of the release would be in full and final settlement of all claims and counterclaims which any of the parties to the Deed of Release may have against any other of them.
10. The meeting discussed the financial and commercial aspects of the Consent Agreements and the Deed of Release and concluded that the Deed of Release is in the best interests of the Company.

INCORPORATION OF NEWCO AND NEWCO LOAN

11. It was reported that Step 3 in the Restructuring Memorandum involved the proposed establishment by the Company of a newly incorporated company, Mawlaw 598 Limited ("NewCo"). The directors considered that the establishment of NewCo

formed a necessary part of the Restructuring (bearing in mind the actions contemplated by Steps 3 and 4 of the Restructuring Memorandum) and that, in view of the primary reasons for the Restructuring (discussed above) the establishment of NewCo would be in the best interests of the Company. Copies of the incorporation documentation relating to Newco (including the memorandum and articles of associations) were tabled before the meeting.

12. The meeting also noted that Step 3 in the Restructuring Memorandum contemplated the creation of an inter-company loan between the Company and NewCo whereby the Company would lend to NewCo up to £125,000,000 (the "NewCo Loan"). It was explained that the terms of the NewCo Loan were set out in a draft loan agreement (the "NewCo Loan Agreement"). A copy of the latest draft of the NewCo Loan Agreement was tabled to the meeting. The meeting noted that interest on the NewCo Loan would be charged at the rate of 1% above LIBOR and that the NewCo Loan would be repayable on 30 March 2004 (or as otherwise contemplated by the NewCo Loan Agreement). The directors considered whether NewCo ought to be capable of repaying the NewCo Loan and concluded that since the Company controls NewCo, it will therefore have control over NewCo's ability to repay the NewCo Loan. The directors noted that the legal issues relating to the establishment of the NewCo Loan had already been considered earlier in the meeting.

CONVERSION OF FSL SUBORDINATED LOAN

13. It was explained that Step 4 of the Restructuring involved the Company consenting to the conversion of £125,000,000 of a subordinated loan of £210,000,000 between the Company and FSL to 125,000,000 ordinary shares of £1 each in the share capital of FSL. The meeting noted that the legal issues relating to the conversion had already been discussed earlier in the meeting and that, in view of the primary reasons for the Restructuring (as stated above) the conversion of the Subordinated Loan would be in the best interests of FSL.
14. The meeting also noted that as shareholder of FSL, the Company would also be required to pass the necessary ordinary and special resolutions in order to give effect to the conversion. This would involve increasing the authorised share capital of FSL by £210,000,000, granting the directors of FSL the necessary authority under s80 CA to allot relevant securities up to a maximum nominal amount of £210,000,000 and disapplying the provisions of s89 CA in relation to such allotment. It was also noted that as the sole shareholder of FSH, the Company would also be required to provide its consent to hold an Extraordinary General Meeting of FSH at short notice so as to pass the aforesaid resolutions.

AMENDMENT TO THE FSL MEMORANDUM

15. It was proposed that Paragraph 3 the Memorandum of Association of the Company's subsidiary, FSL, be amended with respect to its objects in order to reflect a change in activities conducted by FSL. The meeting noted that, as the sole shareholder of FSL, the Company would be required to pass a resolution in order to give effect to the amendment at an Extraordinary General Meeting of the Company. A print of the amended Memorandum of Association (the "Amended Memorandum") was also tabled to the meeting.

EXTRAORDINARY GENERAL MEETING

16. The notice to the sole shareholder of FSL (the "Notice") convening the Extraordinary General Meeting of FSL and enclosing the resolutions contemplated by Minutes 14 and 15 and the draft consent to short notice (the "Consent") were tabled before the meeting.

THE FSL LOAN

17. It was reported that Step 5 of the Restructuring contemplated the creation of an inter-company loan between the Company and FSL whereby the Company would borrow from FSL the amount of £64,000,000 (the "FSL Loan"). It was explained that the terms of the FSL Loan were set out in a draft loan agreement (the "FSL Loan Agreement"). A copy of the latest draft of the FSL Loan Agreement was tabled to the meeting. It was noted that interest would be charged at the rate of 0.375% above LIBOR and the FSL Loan would be repayable on 30 March 2004 (or as otherwise contemplated by the FSL Loan Agreement. The directors also noted that the legal issues relating to the establishment of the FSL Loan were set out in the Legal Issues Memorandum and had been considered earlier in the meeting.

RESOLUTIONS

18. The directors present took time to consider all the proposed actions of the Company pursuant to the Restructuring. Having fully and carefully considered those actions and the legal issues relevant to those actions (which had been discussed earlier in the meeting) the directors present were unanimously of the opinion that it was in the best commercial interests of the Company and the FS Group to approve the Restructuring and for the Company to enter into the Deed of Release, the NewCo Loan Agreement and the FSL Loan Agreement and to pass the resolutions contemplated by the Notice.

and **IT WAS THEREFORE UNANIMOUSLY RESOLVED** that

- (a) the terms of the proposed Restructuring in substantially the form set out in the Restructuring Memorandum be approved (subject to any amendments considered appropriate by Toshio Adachi and Richard Christou);
- (b) the terms of the Deed of Release, the NewCo Loan Agreement, the FSL Loan Agreement and Notice be and they are hereby approved subject to such final amendments as the directors may in their sole discretion consider to be necessary or appropriate in the interests of the Company;
- (c) any director, or in the case of any deed any two directors or any director and the secretary, be and is hereby authorised to sign the Deed of Release, the NewCo Loan Agreement, the FSL Loan Agreement and Consent for and on behalf of the Company;
- (d) the Company be and is hereby authorised to pass the resolutions set out in the Notice at the proposed Extraordinary General Meeting of FSL;
- (e) in pursuance of Section 375 Companies Act 1985, Richard Christou or, failing him, Richard Allnutt or, failing him, Rachel Moseley be and is hereby authorised to act as the representative of the Company at the Extraordinary General Meeting of FSL to be held on 31 March 2003 and at any adjournment thereof; and
- (f) any director, or in the case of any deed any two directors or any director and the secretary, be and is hereby authorised to take all steps and do all such things and deeds as they consider necessary to give effect to the Restructuring and to the above resolutions and to agree any amendments to the above which he may consider necessary to give effect to the Restructuring.

MEETING CLOSED

19. There being no further business, the Chairman

Chairman

GRO