

Colin Lenton-Smith
Director Commercial and Finance
Fujitsu Services (Pathway) Limited
Forest Road
Feltham
TW13 7EJ



28.02.03

Dear Colin
Re: OBCS Failure on 8th November 2001



I have reviewed the response to Liz Tuddenham from Tom Chriyan, dated 8 October 2002, in response to Post Office Limited's claim for compensation for the incident relating to the failure of the OBCS on 8 November 2001.

Having now reviewed both your response and our original claim, I agree with your view that lost income should not be included. However, I do not agree with your other proposed reductions of the Post Office assessment.

Your proposal that Fujitsu liability relates only to the period of 5 hours 9 minutes, ending when Fujitsu Services transmitted the MBS message, takes no account of the further elapsed time until staff in our branches received and could be expected to have read the MBS (4 hours is allowed for delivery of MBS messages), nor of the fact that the MBS only mitigated the problem, but did not solve it.

The use of the MBS and the effectiveness of that MBS has been factored into our calculation of actual additional staff costs and call charges, as shown in our breakdown of the costs.

Your proposal that PO Ltd should pay half the normal price for the MBS is not acceptable. This MBS was necessary solely because of a failure by Fujitsu Services to provide the contracted OBCS service. Therefore the full cost for the MBS should be borne by Fujitsu Services as is usual practice in such circumstances.

Page 2 of 2

Re: OBCS Failures

In conclusion Fujitsu's revised proposal is not acceptable to PO Ltd and our revised claim for direct costs is £14,657.02. I look forward to Fujitsu's acceptance of this figure as settlement of the OBCS failure.

The OBCS failures in branches on 8th November 2001 resulted in direct additional costs in Post Office transaction processing until 13th November 2001. We have not included these costs in our calculations and are prepared to accept the above amount in full and final settlement of our claim in relation to this incident. However we may review this position in light of your response to this letter.

Yours sincerely,

Keith Baines
Contract Manager (FS)

Post Office Ltd
Change and IS
Calthorpe House
15-20 Phoenix Place
LONDON WC1X 0DG

Telephone: GRO
Facsimile: GRO
Mobile: GRO
E-mail: GRO