



FUJITSU SERVICES

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13 September 2002

Mike Hannon
Horizon Commercial and Contract Team Leader
Post Office Limited
Calthorpe House
15-20 Phoenix Place
London WC1X 0DG

Our Ref.: CLS/jla/393

Without Prejudice Subject to Contract

Dear Mike

Lost Data and Audit Trail

I refer to Keith Baines' letter dated 30 August 2002.

The proposition contained in the above letter was raised by Stephen Muchow at the meeting with Alan Barrie on 3 September 2002. Further to that meeting, and as a goodwill gesture, Fujitsu Services (Pathway) Limited is, subject to the conditions set out below, prepared to make a without prejudice offer of £100,000, in order to bring this issue to a close. This amount would be:

1. Made in full and final settlement of all PO Limited's claims against Fujitsu Services (Pathway) Limited in respect of lost audit data (as specified in your letter of 6 February 2002);
2. Made without admission of liability;
3. Effected as a credit against Fujitsu Services (Pathway) Limited's charges for new business introduced into the terms of the Codified Agreement through future CCNs (but excluding charges payable under any CCNs relating to the Debit Card Method of Payment);
4. Subject to approval of a CCN documenting the necessary changes to be made to the Codified Agreement in respect of data storage. I attach our proposed changes to the Codified Agreement, which would form part of that CCN.

Yours sincerely

GRO

COLIN LENTON-SMITH

Commercial and Finance Director, Pathway

Enc

b.c. mgmt Team/Hford/Grook/TJCL/TRACKING FILE/DATA FILE