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M A S O N S

Solicitors
& Privy Council Agents

- 5 JAN 2000 - 1986

FAX MESSAGE - TO BE CONFIRMED BY COURIER

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NUMBER OF PAGES (INCLUDING THIS PAGE) **23**

4 January 2000

Our reference
CCS/MXB
GATECHNOLOGCORRESWEEKIUM12005.DOC

Your reference
JRT

SUBJECT TO CONTRACT

NOTE: This fax transmission is confidential and intended for the addressee only. It may contain privileged and confidential information. If you are not the person or organisation to whom it is addressed, you must not copy, distribute, or take any action in reliance upon it. If you have received this fax in error, please notify us immediately by telephone or fax and return it to us in the post. We will reimburse your expenses.

Dear Jeff

SUSPENSION OF ROLLOUT

Thank you for the revised draft agreement relating to the above.

I enclose a copy of that agreement with our amendments shown in manuscript together with numbered comments and explanatory notes. Some of the amendments may be difficult to follow, particularly on the faxed version. Accordingly, a hard copy of the amended agreement will follow by courier. If any of the amendments are not clear, please do not hesitate to contact me.

Let me know if you would like me to send the amended agreement to Keith Baines by courier.

I look forward to seeing you at 10.30am at your offices tomorrow.

Yours sincerely,

GRO

Myles Blewett

Enc.

Draft letter from POCL to ICL Pathway

To: ICL Pathway Ltd.,
Forest Road,
Feltham,
Middlesex,
TW13 7EJ

[] December, 1999

Dear Tony,

Second Supplemental Agreement dated 24th September, 1999
(the "Second Supplemental Agreement")
November 24th Review of Decision on Suspension of Rollout

1. Introduction

As you know, under clause 6.1.1. of the Second Supplemental Agreement, ~~Post Office Counters Ltd~~ ("POCL") has a right to postpone the resumption of Roll-out from January, 2000 if any of the criteria in Parts A to C of Schedule 4 to the Second Supplemental Agreement shall not have been met by 24th November, 1999. It is acknowledged by both POCL and ~~ICL Pathway Limited~~ ("the Contractor") that at least one of those criteria was not met and accordingly that the right contained in clause 6.1.1 has become exercisable.

This is to record the agreement which POCL and the Contractor have reached in relation to the exercise of that right. Words and expressions defined in the Codified Agreement dated 28th July, 1999 (the "Codified Agreement") or the Second Supplemental Agreement shall bear the same meanings when used in this letter (including its schedules). In this letter "Monitoring Period" means the six week period commencing on Friday 3rd December, 1999 and ending on Thursday, 13th January, 2000.

2. Suspension of Roll-out

2.1 POCL agrees that it will not exercise the right to suspend Roll-out under clause 6.1.1 of the Second Supplemental Agreement.

2.2 In return, the Contractor agrees that if by 24th January, 2000:

- (i) any of the criteria in Schedule 1 to this letter shall not have been met;
or

- (ii) ~~the Contractor shall not have continued to co-operate with POCL, to POCL's reasonable satisfaction, in the joint work programmes initiated in respect of the development of operational procedures to support the accounting integrity control over the TIP Interface and to improve the end-to-end management of reference data over the Core System the Contractor shall have failed to perform the Contractor's obligations under paragraph 2.3 below~~

POCL shall be entitled by notice to the Contractor to postpone the resumption of Roll-out from 24th January, 2000 until such later date as shall be agreed pursuant to clause 6.2 of the Second Supplemental Agreement, which clause shall apply as if notice given under this letter were a notice validly given under clause 6.1 of the Second Supplemental Agreement.

- 2.3 ~~The Contractor and POCL shall continue to work together and to co-operate in the joint work programmes initiated in respect of the development of operational procedures to support the accounting integrity control over the TIP interface (as defined in the CCD entitled []) and to improve the end-to-end management of Reference Data over the Core System.~~

3. ~~Amendment to Part D of Schedule 4 to the Second Supplemental Agreement~~

~~Part D of Schedule 4 to the Second Supplemental Agreement shall be amended in the manner set out in Schedule 2 to this letter.~~

4. Amendments to On-going Help Desk Service Levels

- 4.1 Paragraphs 4.3.2.7 to 4.3.2.9 (inclusive) of Schedule G10 to the Codified Agreement shall be amended replaced in the manner set out in Schedule 3 to this letter.

- 4.2 ~~The Contractor shall with effect from 8th December, 1999 install and for the duration of the Monitoring Period thenceforth at all times operate the necessary equipment to enable Help Desk cash account calls to be recorded for the purposes of paragraphs 4.3.2.8 and 4.3.2.9 of Schedule G10 to the Codified Agreement (as inserted by Schedule 3 to this letter). POCL shall be given full access at all times to the tape recordings so made of all Help Desk cash account calls made as soon as reasonably practicable following its demand therefor at any time during normal working hours or any other time when the Help Desk service is operational. Following the end of the Monitoring Period the Contractor shall from time to time, upon two days' notice from POCL, implement call recording for cash account calls for periodic audit purposes.~~

5. Enhanced Scope of Integrity Control

- 5.1 ~~In order to induce POCL to enter into this letter, the Contractor hereby represents and warrants to POCL that only three out of the 30 root causes of~~

but
use.
Comment
Numbers:

(1)

(2)

(3)

Self to explain why we want this

(reflected by the entries in the columns under the heading "PIC Detection" and notes in Schedule 4 to this letter)

(B) The 13/21/2000 11/25/2000

Cash Account Discrepancies identified prior to the date of this letter (18 before 24th September, 1999 and 12 subsequently) would not have been prevented by the Accounting Integrity Control Release were it then installed as currently developed the analysis of the effectiveness of the Accounting Integrity Control Release design and other measures implemented or due to be implemented before 24 January 2000, which analysis forms the basis of Schedule 4 to this letter has been carried out by the Contractor with due diligence and that the Contractor has accurately reported all material results of such analysis to POCL.

referred to under the heading "Defenses" in Schedule 4 to this letter

(reflected by the entries in the columns and corresponding notes under that heading); and

(C) the "attribute checker" and appropriate authorisation processes referred to in paragraph 5.2 (C) below

and assist POCL to: (C)

5.2 In relation to the three root causes of Cash Account Discrepancies discovered prior to the date of this letter which the Contractor believes which would not have been so prevented by the Accounting Integrity Control Release:-

(A) detected in connection with that referred to in item B1 in the table at Schedule 4, the Contractor represents and warrants that shall develop, successfully test, and deploy and provide POCL with adequate documentation of appropriate processes, have been put in place by the Contractor to prevent recurrence of the root cause of Cash Account Discrepancies which resulted from incorrect manual adjustment of data migrated from existing POCL systems and manual records on Roll out;

(B) software designed with the intention of in connection with that referred to in item A15 in the table at Schedule 4, the Contractor represents that shall develop, successfully test, and deploy and provide POCL with adequate documentation of appropriate processes have been put in place by the Contractor to prevent recurrence of the root cause of Cash Account Discrepancies which resulted from incorrect treatment of the sign (+ or -) of data values at the Pathway to TIP Interface; and

in connection with that referred to in item B5 in the table at Schedule 4, as to the Cash Account Discrepancy relating to reference data leading to the incorrect summarisation of products 196 and 197 in the cash account, the Contractor will co-operate with POCL to prevent recurrence of the root cause of such Cash Account Discrepancies similar unintended effects of reference data changes by developing a diagnostic tool ("the attribute checker"), which will highlight possible future causes of such discrepancies accurately predict the effect of applying reference data changes; and by putting in place appropriate authorisation processes. An initial version of the attribute checker which meets the above requirements will be deployed by 24th January, 2000 and it is intended that an enhanced version taking account of experience gained in live operations will be deployed by 31st March, 2000.

5.3 The Contractor shall from the date of this letter until the end of the TIP Integrity Checking Period make available to POCL promptly upon request appropriate experts to explain to POCL the Contractor's analysis of all root causes of Cash Account Discrepancies and the measures which the Contractor

for product types or methods of payment introduced after the date of this letter or the Pathway to TIP interface establish processes (in accordance with the CCD [3]) to ensure that such software is enhanced to prevent Cash Account Discrepancies resulting from incorrect treatment of the sign (+ or -) of data values for new products or methods of payment which

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reusable still and case

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for product types capable of being transacted as at the date of this letter

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They have to do an attribute checker

shall have implemented in order to prevent the recurrence of any Cash Account Discrepancies which would not have been prevented by the Accounting Integrity Control Release.

6. Amendments to Schedule GO1 to the Codified Agreement

Paragraph 3.6 of Schedule GO1 to the Codified Agreement shall be replaced in the manner set out in Schedule 5 to this letter.

6.7. Miscellaneous

6.17.1 Save as expressly amended by this letter, the provisions of the Codified Agreement and the Second Supplemental Agreement shall continue in full force unaffected by this letter. In particular, but without prejudice to the generality of the foregoing, the provisions of clauses 6.1.2 and 6.1.3 of the Second Supplemental Agreement and paragraph 4.3 of Schedule G10 to the Codified Agreement shall continue to apply (as expressly amended by this letter).

6.27.2 This letter is Change Control Note No. [] to the Codified Agreement.

Kindly sign and return the enclosed copy of this letter to signify your agreement to its terms.

Yours faithfully,

.....
for and on behalf of
Post Office Counters Ltd.

I agree to the terms of your letter of which this is a copy

.....
for and on behalf of ICL Pathway Limited

Schedule 1

Criteria to be satisfied by 24th January, 2000
in respect of Help Desk Performance

In this Schedule "Week" shall mean a period of one week commencing on the opening of business on a Friday and ending on the close of business on the following Thursday, save that for the purpose of paragraph 3 of this Schedule, the first Week of the Monitoring Period shall be deemed to be 8th and 9th December, 1999 only. "Weekly" shall be construed accordingly.

The criteria to be met are as follows:-

1. that in at least four out of the six Weeks in the Monitoring Period not less than 80 per cent. of all calls made to the Help Desk during support hours, including skeleton hours, shall be answered within 20 seconds;
2. that the service level imposed by paragraph 4.3.2.7 of Schedule G10 to the Codified Agreement (as inserted by Schedule 3 to this letter) shall be met in each ~~Week of at least four out of the six weeks in the Monitoring Period~~ (measured on a Weekly basis) and over the Monitoring period in aggregate (measured as a six Week total); Deleb
9/6 01
well.
(9)
3. that the service level imposed by paragraph 4.3.2.9 of Schedule G10 to the Codified Agreement (as inserted by Schedule 3 to this letter) shall be met in at least four out of the six Weeks in the Monitoring Period (measured on a Weekly basis); and
4. that each of the other service levels in relation to Help Desk performance contained in ~~paragraph 4.3 of Schedule G10 to the Codified Agreement~~ Part C of Schedule 4 to the Second Supplemental Agreement, measured on the ~~existing a~~ existing monthly basis, shall have been demonstrated prior to 14th January, 2000 to have been met during December, 1999 and so reported in the December service management reports prepared by the Contractor in accordance with paragraph 6.1.1 of Schedule G07 to the Codified Agreement (or otherwise in writing prior to 14th January, 2000). Stat

Schedule 2Amendments to Part D of Schedule 4
to the Second Supplemental Agreementdrawn
with
Schd 5.1. 1. [Insert Rider 1]

3. A new paragraph 7.6 shall be added to the Second Supplemental Agreement

Part D of Schedule 4 to the Second Supplemental Agreement shall be amended as follows:

(i) at the beginning thereof, add the words "Subject to Clause 7.6(c) of this Agreement," and

Paragraph (i) in paragraph (i) thereof, the reference to the period from 3rd October, 1999 until 14th January, 2000 shall be replaced by a reference to the period from 2nd December, 1999 until 12th January, 2000.

(ii) a new paragraph shall be added at the end of the said Part D as follows:-

For the purpose of the criterion set out in paragraph (i) of this Part D there shall be disregarded:-

- (a) any Cash Account Discrepancies which POCL agrees (such agreement not to be unreasonably withheld) would have been prevented by the application of those additional reference data controls (currently being jointly developed under the parties' joint review of end to end reference data management) which are (in POCL's reasonable opinion) likely to be properly deployed prior to 24th January, 2000; and including the "attribute checker"
- (b) any Cash Account Discrepancy resulting from the opening balance used by TIP being caused by TIP using an incorrect opening balance for a cash account as a result of a Data Error whose incidence shall have already given rise to an earlier Cash Account Discrepancy; and
- (c) any Cash Account Discrepancy caused by a "Not Data Error" (as defined in paragraph 3.6 of Schedule GO1 to the Codified Agreement)."

5. The remaining provisions of the said Part D shall continue in force.

Second Supplemental Agreement
(including its Schedules)

Schedule 3Amendments to Paragraph 4.3 of
Schedule G10 to the Codified Agreement

1. Paragraphs 4.3.2.7 to 4.3.2.9 of Schedule G10 to the Codified Agreement (as incorporated by paragraph 4 of Schedule 5 to the Second Supplemental Agreement) shall be deleted and replaced by the following:-

All
"4.3.2.7 ~~100%~~ of calls made to the Help Desk seeking advice and/or guidance relating to cash accounts shall be answered by first line Help Desk staff. Where calls need to be dealt with by staff with greater expertise the calls shall be transferred to an appropriate expert. In not less than 95% of cases such transfer shall occur immediately. In the remaining cases the caller shall be called back by an appropriate expert within 20 minutes of his original call to the Help Desk.

4.3.2.8 The Contractor shall use reasonable endeavours to ensure that all advice and guidance given by the Help Desk is adequate to ensure that each issue on which advice and/or guidance is sought is adequately resolved in a manner which does not hinder completion of the cash account and associated processes.

the conclusion of this
~~Performance against this service level shall be reported by the Contractor to POCL on a monthly basis. POCL may also verify this performance by analysis of tape recordings of Help desk calls under the provisions of paragraph 4.3.2.11 below. The principles to be applied in this verification are set out in paragraph 4.3.2.13 of this Schedule G10. POCL shall, after consultation with the Contractor, specify sample sizes for this analysis having regard to best practice of statistical analysis, or as otherwise agreed with the Contractor.~~

No liquidated damages provision or termination threshold applies in relation to the service level described in this paragraph 4.3.2.8.

Measured/related monthly
4.3.2.9 Approved call scripts shall be correctly followed by Help Desk staff in not less than 95% of cash account calls, as measured on a ~~monthly~~ weekly basis ~~(over each Cash Account Week)~~ by joint analysis by the Contractor and POCL of tape recordings of Help Desk calls. For the purposes of this paragraph 4.3.2.9:-

(a) the principles to be applied in this measurement are set out in paragraph 4.3.2.13 of this Schedule G10; POCL shall, after consultation with the Contractor, specify

sample sizes for this analysis having regard to best practice of statistical analysis, or as otherwise agreed with the Contractor.

- (b) the Contractor shall deliver all necessary tapes to POCL (recorded in the manner agreed with POCL) in respect of each Cash Account Week by no later than the Monday morning following the end of that Cash Account Week;
- (c) POCL shall review the recordings and report its findings to the Contractor within five working days following receipt of such tapes; and
- (d) when it is judged by POCL that the service level has been met successfully in respect of a Cash Account Week the recordings will not be examined further (unless otherwise agreed between POCL and the Contractor) and the tapes may be recycled at the Contractor's discretion; and

4.3.2.10

During the Monitoring Period the Contractor shall measure and report to POCL the Contractor's performance against the service levels contained in paragraph 4.3.2.1 of this Schedule G10 on a daily basis for Wednesday and Thursday in each Cash Account Week. The report for each of the first five Cash Account Weeks in the Monitoring Period shall be provided to POCL no later than the Monday following the end of that Cash Account Week. In respect of the sixth Cash Account Week, such report shall be delivered by no later than 12 noon on Friday 14th January, 2000.

13
The Contractor shall report to POCL the Contractor's performance for the period up to and including Wednesday 4.3.2.10 that week and deliver such report by 19.00 on Thursday 13th January 2000

14
Following the end of the Monitoring Period the Contractor shall at any time Upon request by POCL given not less than ~~two~~ ^{written} days prior to the relevant Wednesday, the Contractor shall first Wednesday of any month, measure and report to POCL include in the Contractor's monthly service review report to POCL for that month, its the Contractor's performance against the service levels contained in paragraph 4.3.2.1 of this Schedule G10 on a daily basis for Wednesday and Thursday in each week Cash Account Week which ends in that month. Such request shall be deemed to have been validly made in respect of each Wednesday and Thursday falling within the period from 3rd December, 1999 to 14th January, 2000. No separate liquidated damages provision or termination threshold applies to such daily performance. reported in accordance with this paragraph 4.3.2.10

4.3.2.11

The Contractor shall with effect from 8th December, 1999 install and thereafter at all times operate have available the

SPN? (15)

necessary equipment to enable Help Desk calls to be recorded for the purposes of paragraphs 4.3.2.8 and to 4.3.2.9¹⁴ above. POCL shall be given full access at all times to the recordings so made." The Contractor shall, on not less than two days' notice, implement recording of cash account calls at POCL's request for periodic audit purposes. POCL shall be given access to all such recordings as soon as reasonably practicable following its demand therefor at any time during normal working hours or any other time when the Help Desk service is operational.

4.3.2.12 For the purposes of this Schedule:-

"Cash Account Week" shall mean each week commencing on the opening of business on a Friday and ending on the close of business on the following Thursday;

"Monitoring Period" shall mean the six week period commencing on Friday, 3rd December, 1999 and ending on Thursday 13th January, 2000; and

(15) "cash account calls" means calls to the Help Desk relating to cash accounts".

(16) 4.3.2.13 The sample sizes and sampling methodology for measuring compliance with approved scripts for cash account calls under paragraphs 4.3.2.8 and 4.3.2.9 of this Schedule G10 will be developed by POCL such that in the long term they would be expected to result in a "false failure rate" of 5% or less, and a "false success rate" of 10% or less.

These rates are defined in terms of the outcomes set out in the following table:

	<u>Sample estimate of compliance rate less than 95%</u>	<u>Sample estimate of compliance rate greater than or equal to 95%</u>
<u>True compliance rate less than 95%</u>	<u>True failure</u>	<u>False success</u>
<u>True compliance rate greater than or equal to 95%</u>	<u>False failure</u>	<u>True success</u>

The "false failure rate" is the expected number of false failure outcomes expressed as a proportion of the total of true and false failure outcomes.

The "false success rate" is the expected number of false success outcomes expressed as a proportion of the total of true and false success outcomes.

The method for selecting samples and determining sample sizes to achieve the above characteristics will be decided by POCL and recorded in a Contract Controlled Document. The Contractor will be entitled to review this to gain assurance that the methodology is in line with accepted practice in statistical sampling, and to require POCL to make changes if it is not. Any disagreements about appropriate statistical methodology will be resolved by reference to [suitable reference book] ~~and failing that, by reference to an expert, being a current or past member of the council of the Royal Statistical Society~~.

POCL will carry out the initial analysis of the tapes (which will be provided by the Contractor) and will document findings in relation to which calls are and are not compliant with the relevant scripts.

The Contractor will review and agree these findings, or provide a factual statement of any cases where it takes a different view of the compliance.

To the extent that the method involves more than one stage of sampling, then POCL may decide to deem the service level to have been achieved on the basis of the first stage sample, notwithstanding that that sample estimate may show a compliance level below 95%.

Once sufficient samples have been analysed to comply with the requirements for probabilities of errors as above, then either party may request a full analysis of all calls in the relevant period (rather than a sample). In that case, the results based on the full analysis will be used in place of the sample estimates. The reasonable additional costs of both parties will be borne by the party requesting such a full analysis.

Schedule 4

Error Matrix

[Table to be included along with explanatory text as to meaning of Defences and Detections etc. and with column headed "Incident Type" in place of existing four classification columns].

(17) [To follow]

Schedule 5

Amendments to Paragraph 3.6 of Schedule GO1

1. The table contained at Schedule 4 to this letter shall be added as Annex 1 to Schedule GO1 to the Codified Agreement.
2. Paragraph 3.6 of Schedule GO1 to the Codified Agreement (as inserted by CCN 562) shall be deleted and replaced by the following:-

"3.6.1 Interpretation of Paragraph 3.6For the purposes of this paragraph 3.6:-"Data Error" means a Cash Account Imbalance, a Cash Account Error or a Transaction Error which, in any case, is not a Not Data Error;

(18)

Repeat this
wording"Cash Account Imbalance" means an electronic cash account which has been irrevocably committed by the Outlet Manager at any Outlet at the conclusion of the end of week process at that Outlet notwithstanding that such Outlet Manager has been provided with a warning by the POCL Service Infrastructure that such cash account is not in balance; *(an indication)*"Cash Account Error" means an electronic cash account which is not an accurate summary of the transactions carried out at the relevant Outlet during the relevant Cash Account Week (as defined in paragraph 4.3.2.12 of Schedule G10 to this Codified Agreement); *but not a balance.*"Transaction Error" means an error in one or more transaction data fields in the electronic record of a transaction presented by TMS at the TIP interface or a missing, duplicate or spurious additional Transaction record therein;"Not Data Errors" means any of the following:-

- (i) errors caused by invalid data input by Users in Outlets; ✓
- (ii) errors caused by the input of erroneous data by a [HFSO - where defined?] during migration of POCL Data from Rollout of CSR to any Outlet (save where such error is not capable of detection by the proper use of the data migration tools provided by the Contractor);
- (iii) errors caused by Reference Data which precludes Transactions being correctly taken into account in cash accounts where:-
 - (a) such Reference Data were correctly applied by the Contractor;
 - (b) POCL was clearly advised in advance by the Contractor that the Reference Data would preclude such Transactions being correctly taken into account; and
 - (c) POCL nevertheless authorised the introduction of such Reference Data notwithstanding such effect; or
- (iv) electronic cash accounts which are incomplete by reason of erroneous Reference Data provided by POCL through no fault of the Contractor. *[Now covered by (iii)]*

See Comment

(20)

No
1-5
withThe Centre has complied with the
provisions of CCB - (iv)

3.6.2 Classification of Incident Types

Each of the incident types listed in the table in Annex 1 to this Schedule GO1 is classified in the column of that table headed "Incident Type" by one of the following designations:-

"A" = a Transaction Error which is also a Cash Account Imbalance;

"B" = a Transaction Error which is also a Cash Account Error;

"C" = a Transaction Error which is neither a Cash Account Imbalance nor a Cash Account Error;

"D" = a Cash Account Imbalance which is not a Transaction Error;

"E" = a Cash Account Error which is not a Transaction Error; and

"F" = a Not Data Error.

"G" = *cash account, not transmitted by the Contractor to POCL*

3.6.3 Detection of Errors

The Contractor shall duly apply throughout the term of this Codified Agreement all of the defensive measures and ~~(on a daily basis)~~ checks described in ~~(a) the CCD entitled "Logical Design for EPOSS/TIP Reconciliation Controls" and (b) the Annex to this Schedule GO1 (including, where more checks required by appropriate, by applying the Accounting Integrity Control Release in order to detect Data Errors and Not Data Errors.~~ All Data Errors and Not Data Errors detected ~~(by the Contractor or otherwise and whether or not by application of such defensive measures and checks)~~ shall, subject to paragraph 3.6.4 below, be dealt with in accordance with the remaining sub-paragraphs of this paragraph 3.6.

3.6.4 Widespread Errors

As soon as the Contractor discovers, whether through calls received at the Help Desk or otherwise, that there are or are likely to be Data Errors or Not Data Errors affecting cash accounts at more than [100] Outlets in any one Cash Account Week then the Contractor shall immediately (a) notify POCL in accordance with procedures described in the CCD entitled [], (b) cease to apply the remaining paragraphs of this paragraph 3.6, in relation to such Data Errors and/or Not Data Errors and, (c) comply with the provisions of the CCD entitled [].

3.6.5 Data Errors discovered before transmission

3.6.5.1 Subject to paragraph 3.6.5.4 below, if the Contractor discovers a Transaction Error prior to the relevant record being transmitted

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Annex 2 to this Schedule GO1 or otherwise as agreed by the parties.

by the Contractor to POCL over the TIP interface, then the Contractor shall not transmit the relevant record but shall retain it and:

- (a) correct the Transaction Error in the relevant record (such corrected record being hereafter referred to as "the Repaired Transaction Data");
- (b) transmit the Repaired Transaction Data to POCL over the TIP interface; and
- (c) promptly issue a report to POCL in an agreed format containing an explanation of the correction made.

3.6.5.2 If the Contractor discovers any Cash Account Imbalance prior to the relevant record being transmitted by the Contractor to POCL over the TIP interface then, notwithstanding the presence of such error, the Contractor shall transmit the relevant record to POCL over the TIP interface and promptly issue a report to POCL (in the same format as a Manual Error Report referred to in paragraph 3.6.5.5 below) containing a brief description of that Cash Account Imbalance.

3.6.5.3 Subject to paragraph 3.6.5.4 below, if the Contractor discovers any Cash Account Error prior to the relevant record being transmitted by the Contractor to POCL over the TIP interface, then the Contractor shall not transmit the relevant record but shall retain it and:

- (a) correct the Cash Account Error in the relevant record (such corrected record being hereafter referred to as "the Repaired Cash Account");
- (b) transmit the Repaired Cash Account to POCL over the TIP interface; and
- (c) promptly issue a report to POCL in an agreed format containing an explanation of the correction made.

3.6.5.4 The Contractor may, instead of retaining and repairing records in accordance with paragraphs 3.6.5.1 and/or 3.6.5.3 above, promptly issue to POCL a manual error report complying with sub-paragraph 3.6.5.5 below (a "Manual Error Report") for up to a total of 50 Transaction Errors and Cash Account Errors in a Cash Account Week (or such higher limit as the parties may agree).

24 3.6.5.5 Each Manual Error Report shall include a full specification of the relevant Transaction or cash account record as that record would appear if it did not contain a Data Error ~~(the "Repaired Data")~~, in a format suitable for POCL to key into a POCL Data input facility. α

3.6.6 Errors discovered after transmission

3.6.6.1 Where a Transaction Error or Cash Account Error shall not have been discovered before transmission of the relevant record to POCL over the TIP interface, but is subsequently discovered, the provisions of paragraphs 3.6.5.1 and 3.6.5.3 above shall not apply to such error. Instead the Contractor shall either:

(a) with POCL's agreement (such agreement not to be unreasonably withheld), correct the Transaction Error or Cash Account Error in the relevant record, transmit the Repaired Transaction Data or Repaired Cash Account to POCL over the TIP interface and promptly issue a report to POCL containing an explanation of the correction made;

25 or, with POCL's agreement (such agreement not to be unreasonably withheld),

(b) promptly issue to POCL a Manual Error Report in respect of that Transaction Error or Cash Account Error, ^{1/25} notwithstanding that the total of Transaction Errors and Cash Account Errors in the relevant Cash Account Week may have exceeded 50.

26 Any Data Errors processed by the Contractor under paragraph 3.6.6.1(b) above, shall count towards the 50 per Cash Account Week limit under paragraph 3.6.5.4 above.

3.6.6.2 ~~When shall have been discovered before the conclusion of the relevant~~ If the number of Transaction Errors, Cash Account Errors and Cash Account Imbalances which are discovered after the transmission of the relevant record exceeds twenty in any week the Contractor shall, in consultation with POCL, review the process introduced by the Accounting Integrity Control Release with a view to enhancing such process in order to detect the relevant Transaction Errors or Cash Account Errors prior to transmission of the relevant record and to identify and correct root causes of such errors. Cash Account Week def?

For the purpose of determining whether the 50 limit referred to in paragraph 3.6.5.4 above shall have been exceeded, where a Transaction Error or Cash Account Error discovered after transmission is discovered after the ^{conclusion of the} relevant Cash Account Week, the Contractor shall be entitled to submit a Manual Error Report in accordance with paragraph 3.6.6.1 (b).

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3.6.7 Not Data Errors

*and, to the extent that is practicable,
assist POCL*

27

The Contractor shall, promptly following discovery of any Not Data Error, issue a report to POCL (in the same format as a Manual Error Report) containing a brief description of the Not Data Error to the extent that it can be identified and shall co-operate with POCL to investigate and seek to prevent the recurrence of such Not Data Error, and, to the extent reasonably practicable, to prevent the transmission of Cash Accounts which are incorrect as a result of such Not Data Error.

General Provisions

3.6.8 The Contractor undertakes to use all reasonable endeavours, in accordance with the procedures defined in the CCD entitled [], to notify POCL of the occurrence of a Data Error or Not Data Error on the same day on which such Data Error or Not Data Error occurs and shall in any event notify POCL thereof on the morning following the date on which it occurs.

The Contractor undertakes to use all reasonable endeavours to ensure that:

3.6.8.1 the delay between the occurrence of a Data Error (or in the case of a Data Error detected after the transmission of the relevant record, its detection) and (a) the issue of a Manual Error Report to POCL or (b) transmission of the Repaired Transaction Data or Repaired Cash Account to POCL over the TIP interface ~~(either by manual error report or electronically pursuant to paragraph 3.6.5.1 or 3.6.5.3 above)~~ or (c) (in the case of a Cash Account imbalance) the issue of a report to POCL pursuant to paragraph 3.6.5.2 above; or

3.6.8.2 the delay between discovery of a Not Data Error and the issue of a report to POCL in relation thereto under paragraph 3.6.7 above

shall not in either case exceed five working days.

3.6.9 Where any such delay as is referred to in paragraph 3.6.8 has exceeded, or the Contractor believes that it is likely to exceed, five days, the Contractor shall immediately notify POCL's Head of Service Management and shall procure that the Contractor's Customer Service Director is made available to meet with POCL's Head of Service Management (or his delegate) to discuss the delay within ~~two working~~ Days of such notification. *[Need to consider deputies]*

3.6.10 Where the Contractor is required to make an assumption in order to correct a Data Error and/or present Repaired Data, the Contractor shall make such assumption and promptly inform POCL ~~prior to transmission of the Repaired Data of the assumption made.~~

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*Repaired Transaction Data or
the Repaired Cash Account*

*? check
Mater-
box.*

3.6.11 The Contractor shall pay to POCL within 30 days after the end of each month a sum to compensate POCL for its costs in dealing with Manual Error Reports for all Transaction Errors and Cash Account Errors as follows:

3.6.11.1 £150 per Manual Error Report relating to a Transaction Error discovered after transmission of the relevant data;

3.6.11.2 £100 per Manual Error Report relating to a Transaction Error discovered before transmission of the relevant record; and

3.6.11.3 £100 per Manual Error Report ^{for each} relating to a Cash Account Error ~~discovered~~ ^{containing one or more Cash Account Errors}

in that month. Clause 802 of the Codified Agreement shall apply to such payments as though they were liquidated damages for failure to meet Service Levels.

For the purposes of calculating the sum which may be due to be paid to POCL under this paragraph 3.6.11 all Data Errors which shall have been corrected by the Contractor and the relevant ~~Revised Data~~ ^{Repaired Transaction Data or Repaired Cash Account} transmitted to POCL over the TIP interface within five Working Days of such Data Error occurring shall be excluded and no payment shall be made to POCL in relation to such Data Errors. For the avoidance of doubt, no payment shall be made by the Contractor to POCL in respect of Manual Error Reports for Cash Account Imbalances."

3.6.12 The Contractor undertakes that following completion of data migration at any Outlet the POCL Service Infrastructure will prevent Users from inputting data which would put a previously balanced Cash Account into a state of imbalance.

This Schedule 5 also modifies Acceptance Resolution Plan 376 (Reference CR/ACD/376 Version 0.9 Dated 23rd September, 1999); paragraph 5.3.3 thereof shall be amended as appropriate to be consistent with this Schedule to the intent that the procedures and obligations set out in this Schedule shall take precedence over, and replace, the procedures and obligations set out in numbered paragraphs 1 to 5 (inclusive) of the said paragraph 5.3.3.

Subject to Contract

(1) COMMENTS/EXPLANATORY NOTES ON POCL REVISED DRAFT LETTER (OF 29/12/99) and

(2) RIDERS TO BE READ IN CONJUNCTION WITH MANUSCRIPT AMENDMENTS

No.	Paragraph Reference	Comment
1	2.3	- CCD Title: "ICL Pathway/POCL Interface Agreement for Operational Business Change – Product"? - Pathway suggest an end date for joint process when CCD signed off i.e. by 14/1/99
2	3.	Amendments to SSA now not confined to part D of Schedule 4 – see Schedule 2
3	5.1	Reference to inducement to enter letter should be deleted as it is linked to the reference to representations which has been deleted.
4	5.1	- "other measures" replaced with a reference to the defences referred to in Schedule 4 and the additional reference data controls in 5.2 (C) - confirm that the defences referred to in Schedule 4 are intended to be implemented by 24 January - we suggest that "reasonable skill and care" is more appropriate in context than "due diligence"
5	5.2	- item B5 referred to in 5.2 (C) is not a Cash Account Discrepancy – changed introductory sentence to refer to "incident types" - the AIC Release detects, rather than prevents errors (wording changed accordingly)
6	5.2(A)	A process (rather than software) is being established for the purpose of preventing recurrence of errors. It is not therefore appropriate to say "develop, successfully test.." etc – wording changed accordingly
7	5.2(B)	- new software is intended to prevent recurrence of CADs associated with existing products. A process is to be put in place to ensure this software is enhanced to cope with products/methods of payment which may be introduced under operational business change in the future (wording changed accordingly)
8	5.2(C)	- the prevention of incident types such as item B5 is ultimately within POCL's control since POCL controls its business rules and the provision of Reference Data to match those rules. Pathway can assist POCL, and is doing so by the provision of the attribute checker. Wording changed accordingly.

Schedule 1

9	2	Not acceptable – not consistent with other SLAs – additional wording deleted accordingly
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Schedule 2

10	1, 2 and 3 (New numbering)	<p>- Since not "Not Data Errors" are due to POCL, they should be excluded from the definition of Cash Account Discrepancies in Clause 7.1 of the SSA.</p> <p>- Cash Account Discrepancies which would be caught by Reference data controls or which are "2nd week errors" are not the sort of errors which Pathway considers should be paid for in accordance with Clause 7.2 of the SSA, as it was not the purpose of the TIP Integrity Checking Process to detect such errors. Such errors should also be disregarded in the analysis of parallel running – 2nd week errors, in particular, will not be caught by the Accounting Integrity Control Release. Wording changed accordingly so as to provide wider application in respect of those errors to be disregarded.</p>
11	3(ii) (New numbering)	Period from 2/12/99 to 12/1/00 – is this correct? Not the same as the Monitoring Period

Schedule 3

12	4.3.2.9	Wording change not acceptable – revert to measurement on a monthly basis.
13	4.3.2.10	Amendment shown is Pathway's proposal for reporting in the sixth Cash Account Week
14	4.3.2.10/4.3.2.11	Requests and notices should be in writing
15	4.3.2.11/4.3.2.12 (defn. of "cash account call")	Need to consider Data Protection implications (if any) or need to obtain caller consent.
16	4.3.2.13	<p>From the point of view of the validity of the proposed statistical analysis, Pathway reserves its position – comments to follow. General points include the following:</p> <p>1. Consider effect of sampling- can this interfere with the process or adversely affect success rates?</p> <p>2. Factual statement to be provided by Pathway if it takes a different view of compliance – how will disputes be resolved?</p>

Schedule 4

17		To follow
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Schedule 5

18	3.6.1	Proposed definition of Cash Account Error would potentially include a Cash Account Imbalance – wording changed accordingly
19	3.6.1(ii)	<p>- There are some situations where migration may occur outside of "Roll-out" e.g. re-automating an Outlet after reversion to manual operation. Furthermore, some Outlets will be rolled out with CSR+. Reference to Roll out and CSR deleted accordingly.</p> <p>- Proposed exception is not acceptable – deleted accordingly.</p>
20	3.6.1(b) and (c)	Wording change is not acceptable – too narrow. Revert to wording of paragraphs 3.6.2.2 and 3.6.2.3 in previous draft

		provided by Masons
21	3.6.2	- Need to check column heading referred to is correct - Schedule 4 refers to incident types (other than "Not Data Errors") in relation to which the designation of "Data Error" is inappropriate ("N/A"). New designation of category "G" added accordingly
22	3.6.3	See proposed redraft.
23	3.6.4	- For widespread errors, the remaining paragraphs of 3.6 should cease to apply generally – wording changed accordingly. - There is insufficient time for a CCD to be drafted and agreed. Pathway will propose wording for an Annex 2 which will contain a high level description of the appropriate procedures.
24	3.6.5.5	Definition of "Repaired Data" not required. Repaired Transaction Data and Repaired Cash Account already defined. Furthermore, a Manual Error Report will not contain "repaired" data.
25	3.6.6.1	The requirement that POCL agree to "(b)" could lead to delay, unacceptable to both parties, during live operation. A default position is required. Reference to POCL's agreement to "(b)". deleted accordingly.
26	3.6.6.1 (b)	Need to clarify position as to when Manual Error Reports count toward the 50 limit and when they don't – see proposed wording change
27	3.6.7	- See proposed redraft regarding extent of assistance to be provided by Pathway (i.e. that which is reasonable) - Additional proposed wording is not acceptable – deleted accordingly
28	3.6.8.1	Bracketed wording is considered unnecessary – deleted accordingly
29	3.6.10	Requirement that Pathway inform POCL of assumptions made prior to transmission is new and is unacceptable – deleted accordingly.
30	3.6.11	£100 should be payable per Cash Account in error as a single Data Error could give rise to errors in more than one line of the cash account
31	3.6.11	Correction of drafting error – Manual Error Reports are not provided for Cash Account Imbalances. Reports in the same format are provided.
32	3.6.12	New paragraph is not acceptable – not within the remit of the original CCN562 - deleted accordingly.

Rider 1

1. Add the following sentence at the end of Clause 7.1 of the Second Supplemental Agreement:

"Notwithstanding the above, any discrepancy caused by a "Not Data Error" (as defined in paragraph 3.6 of Schedule G01 to the Codified Agreement) shall not be considered a Cash Account Discrepancy."

2. In Clause 7.2 (ii) of the Second Supplemental Agreement delete the word "discrepancy" and replace it with "Cash Account Discrepancy".

Rider 2

- (a) the charge referred to in Clause 7.2(ii) above;
- (b) the expiry of the TIP Integrity Checking Period (which is dependant upon there being no Cash Account Discrepancies identified by the TIP Integrity Checking Process not also identified by the Accounting Integrity Control Release); and
- (c)....

4 January 2000