

THIS SUPPLEMENTAL AGREEMENT, being Change Control Note (CCN) 550, is made the 20th day of August 1999

BETWEEN:

- (1) Post Office Counters Ltd whose registered office is situated at Gavrelle House, 2-14 Bunhill Row, London EC1Y 8HQ ("POCL"); and
- (2) ICL Pathway Limited whose registered office is at 26 Finsbury Square, London EC2A 1DS ("the Contractor")

RECITALS

WHEREAS:

- (A) This Supplemental Agreement is supplemental to the Codified Agreement between the parties dated 28th July, 1999 and constitutes CCN 550 of that agreement.
- (B) The Contractor and POCL have been carrying out the Operational Trial and the other Acceptance Procedures in accordance with the Codified Agreement.
- (C) It is agreed that as at the end of the CSR Operational Trial Review Period (16 August 1999) there were:-
 - 9 faults (the "Agreed Category B Faults") which both parties agree are medium severity (category (b)) faults (A.I.'s: 342, 361, 371, 211, 372, 390, 395, 314 and 408);
 - 3 faults (the "Disputed Category A Faults") which the Contractor considers to be category (b) faults but which POCL believes are high severity (category (a)) faults (A.I.'s: 376, 298 and 218);
 - 2 faults (the "Disputed Category B Faults") which the Contractor considers to be of low severity but which POCL believes are category (b) faults

(A.I.'s: 378 and 391);

and

- 1 alleged fault (the "Unagreed Fault") which the Contractor believes is not an Acceptance Incident but which POCL believes is a category (b) fault (A.I.: 369)

(together the "Outstanding Faults").

- (D) It is agreed that there is no CSR Acceptance Specification in respect of which there are more than 10 category (b) faults.
- (E) Under paragraph 2.1 of Schedule All to the Codified Agreement ("Schedule All"), four conditions for CSR Acceptance have to be satisfied. The parties agree that the CSR Acceptance Tests have been carried out and that the CSR Core Observation Period and the CSR Operational Trial Review Period have expired. If the Contractor is correct that the Disputed Category A Faults are of medium severity then the thresholds in paragraph 2.2 of Schedule All of the Codified Agreement have been met. The remaining condition for CSR Acceptance is that a timetable has been agreed to resolve all outstanding category (b) faults.
- (F) If, as at the end of the CSR Operational Trial Review Period, any one of the Disputed Category A faults is a category (a) fault then CSR Acceptance has not been achieved as at the end of the CSR Operational Trial Review Period.
- (G) If, as at the end of the CSR Operational Trial Review Period, a timetable has not been agreed between the parties to resolve all outstanding category (b) faults, then CSR Acceptance has not been achieved as at the end of the CSR Operational Trial Review Period. Such a timetable has not been agreed.

It is Agreed as follows:

1. CSR Acceptance

- 1.1 The parties agree that CSR Acceptance was not achieved as at the end of the CSR Operational Trial Review Period.
- 1.2 Under paragraph 3.1 of Schedule All the Contractor is entitled to a period of three months from 16th August 1999 in which to remedy the outstanding defaults at its own expense (subject to paragraph 6.9 of Schedule All if applicable) and to re-submit the Core System Release in its entirety for the second CSR Acceptance Test.

2. **Remedy of Outstanding Faults**

With a view to facilitating the obtaining of CSR Acceptance in the Second CSR

Acceptance Test, the parties agree as follows:

2.1 In the period between the date of this Agreement and ~~17~~¹⁵th September 1999 (the "Limited Trial Period"), the parties will set up and conduct a programme of joint workshops for the purpose of agreeing (to the extent not already agreed):-

- (i) resolution plans for the Agreed Category B Faults, the Disputed Category A Faults, the Disputed Category B Faults (if agreed or determined to be category (b) faults), and (if appropriate) the Unagreed Fault; and
- (ii) a single timetable for resolution of outstanding category (b) faults (including any Disputed Category A Faults determined to be, or recategorised as, category (b) faults).

The joint workshop will be chaired by Keith Baines of POCL and Tony Oppenheim of the Contractor and will be charged with the production of agreed resolution plans, the agreement of a timetable for their implementation, and general project management of the resolution process.

2.2 Agreement as to resolution of faults having been hampered by differences as to the data, the parties will agree as soon as possible within the Limited Trial Period an appropriate set of measures (including data gathering and testing) to determine:

- the extent of the disputed faults and
- the efficacy of any agreed resolution plans.

- 2.3 The Contractor shall make available to POCL as soon as possible all data available to the Contractor relevant to any of the Outstanding Faults, including, without limitation, all system recorded data relating to the incidence of rebooting of counter terminals (relevant to AI 298).
- 2.4 The parties will involve Peter Copping as Expert in the activities referred to in this paragraph 2. There may be occasions on which the Expert is asked to determine an issue as between the parties in accordance with the provisions of Schedule A11 (for example he may be required to determine the status of the Unagreed Fault) but otherwise (save as expressly contemplated in this letter) his role will be as facilitator and adviser to the parties in their efforts to achieve successful resolution of outstanding issues.

3. **Second Acceptance Test**

The provisions of Schedule A11 relating to the Second Acceptance Test shall be varied as follows:-

- 3.1 Notwithstanding paragraph 3.1 of Schedule A11, the only elements of the Core System Release required to be re-submitted for testing in the Second CSR Acceptance Test shall be those relating to the Outstanding Faults.
- 3.2 The following faults may be raised as Acceptance Incidents in relation to the Second CSR Acceptance Test:-
- 3.2.1 any fault arising upon the re-testing referred to in paragraph 3.1 above;
- 3.2.2 where any corrective work is carried out by Pathway in relation to any of the Outstanding Faults, any fault which may be caused by that corrective work or may come to light only as a result of that corrective work; and

3.2.3 (subject to paragraph 3.3 below), any other substantive fault (a "Substantive New Fault") which arises in the live environment prior to CSR Acceptance and which in the reasonable opinion of Keith Baines or John Meagher is material in the context of CSR Acceptance.

All such which faults shall be categorised according to paragraphs 7.1(a), (b) and (c) of Schedule All.

3.3 The parties agree the following in relation to Substantive New Faults:-

3.3.1 no fault which was observed and categorised as a fault prior to the end of the CSR Operational Trial Review Period shall be raised as a Substantive New Fault thereafter unless, in the reasonable opinion of POCL, the nature of the fault shall have changed or its effect, impact, seriousness or frequency shall have become greater since the end of the CSR Operational Trial Period, in each case so as to have, in the reasonable opinion of POCL, a material adverse effect on POCL's business or operations;

3.3.2 no Substantive New Fault which is categorised as a category (b) fault shall count towards the threshold in paragraph 2.2(ii) of Schedule All;

3.3.3 notwithstanding paragraph 2.1(iv) of Schedule All, the failure to agree a timetable to resolve a Substantive New Fault which is a category (b) fault arising after 3rd September 1999 shall not prevent CSR Acceptance; and

3.3.4 for the avoidance of doubt CSR Acceptance will not occur if there is a

Substantive New Fault which is categorised as a category (a) fault.

- 3.4 If upon CSR Acceptance there remains any Substantive New Fault which is a category (b) fault arising after 3rd September, 1999 and in respect of which a timetable has not been agreed for its resolution, the parties shall agree such a timetable by 15th November, 1999, in default of which either party shall be entitled to request the Expert to specify such a timetable, which shall then be binding on both parties.
- 3.5 If by 17th September, 1999 there remains any Substantive New Fault which is a category (b) fault reported to the Contractor on or prior to 3rd September, 1999 and in respect of which a timetable has not been agreed for its resolution, POCL shall not withhold its agreement to the timetable proposed by the Contractor if the Expert shall have stated in writing, prior to CSR Acceptance, that:-
- 3.5.1 the Contractor's proposed rectification plan is in the Expert's opinion likely to resolve the Substantive New Fault by the date specified by the Contractor therein; and
- 3.5.2 resolution of the Substantive New Fault by that date would, in the Expert's opinion (having listened to the representations of both parties), be likely to mean that the Substantive New Fault would not have a material adverse effect on POCL's business or operations.
- 3.6 POCL warrants that none of its employees or contractors directly involved in the CSR Acceptance process is aware of any fault in relation to the Core System which has not already been reported to the Contractor and which that employee or contractor knows would constitute a Substantive New Fault, categorised as category (a) or category (b), if and when so reported.

4. Roll Out

4.1 The parties agree that Roll out shall not commence until authorised by the Release Authorisation Board in accordance with paragraph 4 of Schedule All.

4.2 Notwithstanding paragraph 4.1 above, the parties agree to install the Core System in additional Outlets as follows:-

<u>In the week commencing</u>	<u>Approximate Number of Outlets</u>
31st August, 1999	one (Borough High Street)
6 th September, 1999	60
13th September, 1999	90

4.3 If by 10th September, 1999 the parties agree that sufficient progress has been made in resolving the Outstanding Faults (and any other outstanding category (a) or (b) Acceptance Incidents) the parties may agree to install the Core System in further Outlets as follows:-

<u>In the week commencing</u>	<u>Approximate Number of Outlets</u>
20th September, 1999	158
27th September, 1999	178

4.4 If CSR Acceptance has not been achieved by 24th September, 1999 the Core System shall not be installed in any further Outlets (in addition to those referred to in paragraphs 4.2 and 4.3 above) pending CSR Acceptance and authorisation of National Rollout by the Release Authorisation Board.

4.5 In the event that CSR Acceptance is not achieved by 15 November 1999, the Contractor shall, without prejudice and in addition to all the other consequences thereof under the Codified Agreement (including its

schedules), indemnify POCL on demand against all costs and expenses reasonably incurred by POCL which POCL would not have incurred but for having agreed to install the Core System in the further Outlets referred to in this Clause 4.

- 4.6 Notwithstanding paragraph 4.1 above, following authorisation of National Rollout by the Release Authorisation Board, all Outlets in which the Core System shall have been successfully installed prior to such authorisation shall be taken into account when calculating the number of Outlets to which the Core System shall have been rolled out for the purposes of the Codified Agreement.

5. Release Authorisation Board

- 5.1 It is agreed that the Release Authorisation Board shall meet immediately following the meeting of the Acceptance Board at which CSR Acceptance is achieved.
- 5.2 There will be a preliminary meeting of the Release Authorisation Board prior to CSR Acceptance at which POCL's readiness for Roll out, and in particular any impact thereon of any plans for rectification of Outstanding Faults, shall be discussed and the appropriateness of proceeding with the planned CSR Acceptance date of 24th September will be determined.
- 5.3 Immediately following the meeting referred to in paragraph 5.2 above, there will be a preliminary meeting of the Joint Acceptance Board to confirm or amend the planned date for the formal meeting of the Joint Acceptance Board (24th September, 1999).

6. Future Delays

For the purposes of Clause 606.2.1 of the Codified Agreement any delay in Acceptance or Rollout of the Core System caused by the Default of POCL shall be disregarded to the extent that the aggregate duration of all such delays does not exceed fourteen days.

7. **Timetable**

The parties shall use their reasonable endeavours to comply with the timetable set out in the Appendix to this Agreement.

8. **Miscellaneous**

8.1 Except to the extent expressly amended by this Agreement the provisions of the Codified Agreement and its schedules shall continue unamended and in full force and effect.

8.2 Words and expressions defined in the Codified Agreement shall bear the same meanings when used in this Agreement.

Appendix

Timetable

25th August, 1999 First Workshop

6th September, 1999 Workshop to consider, inter alia, any Substantive New Faults reported on or prior to 3rd September 1999

8th September, 1999 Review of progress by David Miller and Richard Christou

10th September, 1999 ~~POCL-d~~ Decision on implementation of outlets during w/c 20th and 27th September 1999.

17th September, 1999 Last Workshop

21st September, 1999 Pre-meetings of Release ~~Authorisation~~ ~~Acceptance~~ Board and Acceptance Board

24th September, 1999 Planned date for Release Authorisation Board and Acceptance Board

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

Signed by)
for and on behalf of)
POST OFFICE COUNTERS LTD)
in the presence of:-)

Signed by)
for and on behalf of)
ICL PATHWAY LIMITED)
in the presence of:-)

CHANGE CONTROL NOTE

ID: PWY_CCN_550 CCN:0550a Create Date: 01-OCT-1999 13:10:55
Status: APPROVED Originator: Lisa Burchell (CHG/DOC MGMT)

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Title:

THIS SUPPLEMENTAL AGREEMENT

Main Description:

Related Parts

- | | | |
|---|---|------------------------------|
| 0 | PWY:CCN.A;1
(CHANGE_MANAGEMENT)
Change Control Notes | Lisa Burchell (CHG/DOC MGMT) |
| 3 | PWY:CD_ATTACH.A;1
(CHANGE_MANAGEMENT)
Change Document Attachments | Lisa Burchell (CHG/DOC MGMT) |

Related Items

Affected

- | | | |
|---|---|------------------------------|
| 3 | PWY:CCN_00550A_1.A-CDATTACH;1 (Affected)
(CCN_00550a_1.doc)
CCN 00550a ATTACHMENT 1 | Lisa Burchell (CHG/DOC MGMT) |
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Related Child Change Documents:
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Related Parent Change Documents:
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Action Messages
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Action History
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|---|---|---------|
| 1 | 01-OCT-1999 13:10:55 Lisa Burchell (CHG/DOC MGMT)
BURCHELL
Document created | CC / DC |
| 2 | 01-OCT-1999 13:11:06 Lisa Burchell (CHG/DOC MGMT)
BURCHELL
Actioned document from RAISED to APPROVED | CC / DC |

- 3 01-OCT-1999 13:15:27 Lisa Burchell (CHG/DOC MGMT)
BURCHELL CC / DC
Actioned document from APPROVED to RAISED
- 4 01-OCT-1999 13:15:43 Lisa Burchell (CHG/DOC MGMT)
BURCHELL CC / DC
Actioned document from RAISED to APPROVED

Update History

- 0 01-OCT-1999 13:10:55 Lisa Burchell (CHG/DOC MGMT)
BURCHELL CC / DC
Related Design Part PWY:CCN.A;1
- 3 01-OCT-1999 13:15:36 Lisa Burchell (CHG/DOC MGMT)
BURCHELL CC / DC
Related Design Part PWY:CD_ATTACH.A;1
- 3 01-OCT-1999 13:15:36 Lisa Burchell (CHG/DOC MGMT)
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- 4 09-OCT-2000 13:02:07 PCMS - CM Dept. SCM
PCMS
Request attribute(s) updated
- 4 01-JUL-2003 18:55:05 Neil.Tuffs 7229 4228
TUFFSN
Request attribute(s) updated

Archived Attribute Information

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----- END OF CHANGE CONTROL NOTE PWY_CCN_550 -----