



Post Office Counters Ltd
Horizon Programme Director

SUBJECT TO CONTRACT - WITHOUT PREJUDICE

Mike Coombs
Director Programmes
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10 December 1998

Dear Mike

ACCEPTANCE

Can you please clarify some points arising from this morning's conversation about the Acceptance document dated 9 December. I must stress that these enquiries are solely from a POCL point of view.

1. Are ICL giving unequivocal confirmation that the rights of the Authorities to raise substantive faults beyond those defined in acceptance specifications remains and is as described in Schedule A07 para 2.9 and the related 6.1(d) of the Related Agreements?
2. POCL's view is that Acceptance should only occur after the completion of Live Trial so that point 1 above can be properly exercised. Do you in consequence have any requirements about the length of Live Trial for Acceptance purposes?
3. Please confirm that, reflecting Richard Christou's remarks last week, you agree that in re-testing corrected acceptance incidents POCL must reserve the right to raise new incidents which are apparently caused by the corrections?
4. Am I right in concluding that you now agree that the Expert should play no part in Release Authorisation process? POCL still feels very strongly that it must have the final say in what is released into any POCL live environment.

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5. POCL and its advisors feel that your proposals regarding the Experts role in Acceptance, means in effect, that the Expert will have the final decision on all disputes. In practice the ability to litigate or arbitrate later is of no value if an overall Acceptance decision has been taken by default based on the Expert decisions. In these circumstances POCL would like ICL to consider whether certain specific grounds for veto of the Expert decision could be retained by the Contracting Authorities. For example an Expert decision which seriously impacted POCL's accounting integrity or seriously dis-advantaged significant number of its customers would be grounds for POCL veto.
6. Finally I am concerned that you still seem to be requiring 100 "b" acceptance incidents to be allowed before Acceptance failure. Our view remains at 20 and technical discussions between us are unlikely to raise this significantly.

Regards

GRO

DAVE MILLER

Jeff Triggs

~~Paul Dick~~

Sandra Lees