

Approx 3/7/9.

Pressbof Ltd
21 Lansdowne Crescent
Edinburgh EH12 5EH

Martin Ellice
Joint Managing Director
Northern & Shell plc
10 Lower Thames Street
London EC3 6EN

Dear Martin,

Further to my telephone call earlier today, this letter reflects the compromise proposal made by Richard Desmond at his meeting with Peta Buscombe. It also sets out the basis upon which we have agreed that Northern & Shell publications will resume full participation in the industry's self-regulatory system.

Pressbof will invoice you today for the full levy due for 2009 less an amount equivalent to six and a half weeks. Consistent with the payment timetable for the industry as a whole, this is due for immediate settlement. In practice we require the money to be in our bank account by Friday 17th July so that the PCC can be informed that the matter has been resolved prior to their meeting the following week. For the future, Pressbof will invoice Northern & Shell on a half yearly basis as is the practice for the industry as a whole. Invoices are raised each May and September for the following half year and settlement is required by the end of the month following the date of invoice.

With regard to your proposal to make a charitable donation of £10,000, it is most appropriate that this should be directed to a journalistic charity. We would appreciate details of the donation shortly.

We were pleased to note the contents of Peter Hill's letter to Baroness Buscombe dated 17th June 2009 and your total commitment to self-regulation, the Code of Practice and the adjudications of the PCC. This remains an essential requirement for participation in the industry's self-regulatory system.

I sincerely hope that we can now look forward to Northern & Shell playing a full role in self-regulation on the same basis as the rest of the industry and that the alternative of exclusion from the system is something which need not be considered again.

Yours sincerely

Tim Bowdler
Chairman