

6 February 2013

Ref. SK/SG/CR

TO 2e2 DATA CENTRE CUSTOMERS

Tel: 020 7963 9751

Email: 2e2dccustomers@fticonsulting.com

Dear Sir/Madam

2e2 Holdings Limited
2e2 Investments Limited
2e2 Group Limited
2e2 Limited
2e2 UK Limited
Morse Group Limited
Morse Overseas Holdings Limited
2e2 Managed Operations Limited
2e2 Property Limited
Diagonal Quest Limited
- all in Administration (together "the Companies")

As you will be aware Simon Granger, Chad Griffin and I were appointed as Joint Administrators of the Companies on 28 January 2013.

Since our appointment, the Joint Administrators have provided a substantial amount of funding to the Companies, in order to ensure that, insofar as possible in the context of a company in administration, customers continued to receive services in the ordinary course. This funding has been used to meet certain arrears of wages and on-going salary costs, as well as to support the underlying infrastructure of the business. During this period, we have also engaged extensively with a number of parties who had expressed an interest in acquiring all or parts of the business as a going concern.

Regrettably, despite these efforts, we have been unable to secure an acceptable and deliverable offer to sell the business as a going concern and there is no further funding which can be made available.

Services being terminated

Consequently, the Companies will no longer be able to continue to fund and operate the following areas of the UK business:

1. Flexible Resourcing;
2. Business Applications;
3. Unified Communications; and
4. Field Support

As a result, the personnel associated with these areas of the UK business have regrettably been made redundant and the Companies are no longer able to continue to provide these services to you.

We understand that you are currently a customer of one of the Companies and are significantly affected by these events, as many of the services provided by the Companies may be critical to the operations of your business.

Insofar as the services referred to above are concerned, you will need to put alternative arrangements in place with immediate effect.

Data Centre Infrastructure

However, in view of the critical nature of the Data Centre services provided by the Companies, we are seeking to continue to maintain the Data Centre Infrastructure and key personnel who operate the Data Centres, to facilitate an orderly migration of the data and systems or some other alternative solution.

In order to meet the on-going costs of operating the Data Centres, we will require customers to provide immediate funding to the Companies. In the event that funding is not provided, we will be unable to maintain the Data Centre Infrastructure and we will have no alternative, other than to cease all operations without any managed wind-down of those operations.

As you will understand, we have received a number of requests from customers seeking to gain access to their data immediately and to transition services to alternative providers. Unfortunately, the levels of data held in the Companies' Data Centres are such that this process could take up to 16 weeks and we will need to ensure that the integrity of third party data and security is maintained.

We are therefore currently requesting funding from the customers of the Companies' Data Centres ("Data Centre Customers") through to Friday 15 February 2013. During this period, the Companies will not take any steps to close the Data Centres and we will work with Data Centre Customers and the Companies' technical operations team, to develop a strategy for the orderly transition of Data Centre services.

All Data Centre Customers reliant upon the Data Centres are requested to submit their provisional plans to migrate data and systems, as well as any business critical requirements which need to be catered for. Based upon the provision of this information, a detailed plan will be prepared and fully costed and shared with you.

Prior to Friday 15 February 2013 we will present to Data Centre Customers the proposed strategy and timeline to transition customer data and the funding requirements to do so.

Whilst we have requested the largest 20 Data Centre Customers to contribute to the majority of the Data Centre costs for the period Wednesday 6 February 2013 to Friday 15 February 2013, we are also seeking a standard payment of £4k plus VAT from you and all other smaller Data Centre Customers. Data Centre costs are based on an estimate of the employee costs, utilities, carriers, rent, rates, administration and other central expenses (including a provision for the Administrators' costs and legal expenses). The total estimated funding requirement through to Friday 15 February 2013 is £960k. A summary of the costs analysis is included at Appendix A.

Commitment:

In the event that you do not provide a commitment to pay by 5pm on Friday 8 February 2013, we may be unable to continue to provide services to you with immediate effect.

Payment:

In the event that your payment of £4k plus VAT is not received by 5pm on Tuesday 12 February 2013 we will be unable to continue to provide services to you.

In the absence of securing sufficient funding from Data Centre Customers, we will need to cease all Data Centre operations with immediate effect without any managed wind-down of those operations.

Action required:

1. You should sign and return a copy of this letter as acceptance of the terms by no later than **5pm on Friday 8 February 2013**.

The affairs, business and property of the Companies are being managed by the Joint Administrators. The Joint Administrators act as agents of the Companies and without personal liability.

Simon Granger is licensed in the United Kingdom to act as an insolvency practitioner by the Association of Chartered Certified Accountants and Chad Griffin and Simon Kirkhope are licensed in the United Kingdom to act as an insolvency practitioners by the Institute of Chartered Accountants in England and Wales, under section 390(2)(a) of the Insolvency Act 1986.

2. Payments should be remitted (in full without any set off or counterclaim) by no later than **5pm on Tuesday 12 February 2013**. Please use the contact details below if you require bank account details to remit payment.

Neither the Joint Administrators nor their agents, employees, firm, partners, members, advisers or representatives shall incur any personal liability whatsoever under this letter, any contract or under any deed, instrument or document entered into under or in connection with it. Any claim by you against, or any sum due to you from, the Companies shall rank as an unsecured claim against the relevant Company.

If you have any queries in relation to the contents of this letter, please address these to 2e2dccustomers@fticonsulting.com or by phone on 02079639751.

Yours sincerely
For and on behalf of
The Companies



Simon Kirkhope
Joint Administrator (acting as agent and without personal liability)

Enc.

Signed by _____ as acknowledgement and acceptance of the terms set out above

Director: _____

APPENDIX A – DATA CENTRE COST ANALYSIS

The affairs, business and property of the Companies are being managed by the Joint Administrators. The Joint Administrators act as agents of the Companies and without personal liability.

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		Forecast Weekly Cost (£)
Total Staff Related Costs		253,336
Operational Costs	Cedar licencing costs	26,087
	Microsoft SPLA licencing	22,382
	Other Software Support	28,011
	Connectivity	41,258
	Newcastle 3rd party data centre	21,028
	Data Centre R&M	11,714
	Customer cheque printing	2,759
	Data storage (tape)	1,488
	Offshore apps support	1,484
	Other Costs	5,904
	Service Credits	1,526
Total Operational Costs		163,643
Sub Total Costs		416,979
Datacentre Costs	Gateshead (Rent, rates, utilities)	5,471
	Reading (Rent, rates, utilities)	27,784
		33,255
Central expenses (including a provision for the Administrators' costs and legal expenses)		150,000
Grand Total Costs		600,234

Estimated cost for the period Wednesday 6th February to Friday 15th February 2013	960,375
Allocation to the top 20 customers for this period	<u>(800,000)</u>
Shortfall	<u>160,375</u>

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