



24 September 1993

David Watson
Sales Promotion & Advertising Manager
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Dear David

HERCULES-CATALOGUE

Project Hercules could not have been better named! It certainly has Herculean proportions and I'm delighted that we at Option One have had the strength in numbers and talents to deliver.

There was a stage in this project development when I observed a natural reluctance/concern about increasing monopoly involvement from Option One. I can understand such concerns about the "all the eggs in one basket" syndrome!

However, what we have proven to ourselves, and increasingly to you and your colleagues, is that a project of this complexity needs close co-ordination and total understanding.

As a result of our growing involvement and increasing commitment to such a major venture, we also understand our key central responsibility. The buck stops here!

For that reason, far from wanting to contract out aspects of the task, we are convinced that we must embrace more and more aspects of the scheme. This is not out of greed. It arises from a need to be in control and to be answerable for the success of Hercules.

We now shudder when we see a risk that an important aspect of the scheme might go outside that dedicated Option One control.

The current fear relates to the catalogue. Having advised that Hercules must be launched with all guns blazing encompassing every benefit possible on Day One, we see the design and "production" of the catalogue as an enormous challenge - to be answered efficiently and effectively by Option One.

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Whatever happens we must be in control of its accelerating development and on-going growth and change. We can manage that only if we are responsible and if we see it through from start to finish, in-house.

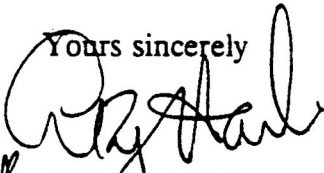
It has been brought to my attention that a third party may be appointed on the catalogue. Frankly I see it as suicidal to involve another party in the mix. It is far more efficient for us; and much more cost effective and safe for you; if we retain control on this vital and complex element of Hercules communication.

Most of the contents of the catalogue will relate to third party "suppliers": ranging from points redeemers on the one hand, to catalogue goods suppliers; to "schools project" teams to charity bodies etc. In addition there will be significant input from our Direct Marketing colleagues. All of these are within our remit. We will have day to day communication and negotiation with them. It will not work for us to be go-betweens to yet another agency. We need your authority to vest responsibility for the catalogue design and production in Option One.

David, our reputation is on the line. We are committed to excellence in creativity and implementation of this formidable campaign. Please enable us to see it through.

Kind regards.

Yours sincerely



BOB BAYLEY
Chairman & Chief Executive