

J O'Sullivan Esq

7 January 2011

WITHOUT PREJUDICE

Dear Mr O'Sullivan,

The Duchess of York ("The Duchess")

As you are aware, we are advising HRH The Duke of York and The Duchess concerning her financial affairs.

Previously, an informal offer of 25p in the pound was made to creditors but, unfortunately, there was no unanimous acceptance. However, all significant creditors have now agreed to the offer and it is the intention of The Duke of York to provide funds so that The Duchess can reach a final agreement with her creditors.

According to our records, your claim is \$126,721 and accordingly a payment of \$31,680 is offered without prejudice in full and final settlement. We attach a simple form of agreement which we will be glad if you will sign and return if you are prepared to accept the offer.

As the Duke of York hopes to be able to make payment this week, if you are able to return the signed agreement by email we would be most grateful. Should you wish to be paid by bank transfer, please provide your account details.

Yours faithfully

PricewaterhouseCoopers LLP