March 30, 2001

Ms. Client

Senior Vice President

Bank 123

Address

Chicago, Illinois 60611

**RE: Letter of Understanding – Cash Management Pricing Assessment**

Dear Client:

Firm XYZ (XYZ) appreciates the opportunity to assist the Bank 123 (BANK 123) with the assessment of the various pricing schedules in the Indiana Cash Management products. We have enjoyed teaming with BANK 123 to complete many successful projects to date and look forward to contributing to the success of this project.

This agreement is executed pursuant to the Professional Services Agreement between Bank 123 and Firm XYZ (XYZ) dated as of December 9, 1999, as amended on April 25, 2000 (the Agreement). It addresses the project scope, approach, staffing, timing and our estimated fees.

**Project Scope**

We will assist BANK 123 in assessing the various cash management pricing schedules currently used at Indiana National Bank (INB), Lowell (LB) and Fort Gratiot (FGB). In addition, we will assess the pricing schedules of various Indiana based competitors (e.g. Bank One, Comerica, Old Kent). Based on the assessment, we will perform a sensitivity analysis to ultimately recommend a more standardized pricing schedule for Indiana (e.g. Greater Indiana, Southeast Indiana). The project is scheduled to begin April 2, 2001 and will last approximately 8 weeks.

Critical to the success of this project are various key considerations including:

– Standardized product definitions

– Availability of competitor information

* Impact of concession pricing

**Project Approach**

The project will focus on the following activities with specific tasks defined for each:

**Within Scope:**

* Project Planning

• Finalize team

• Develop workplan

– Internal Products

• Obtain pricing schedules for INB- 2 schedules, LB and FGB

• Meet with INB, LB and FGB product management

• Determine similarities and differences in price points (e.g. names of products, pricing features)

– Competitors

• Research competitor pricing

– Sensitivity Analysis

• Work with product management to define sensitivity scenarios

• Build pricing model

• Determine impact of specialized pricing

* Executive Presentation

• Prepare Executive Presentation with summary of analysis and recommendations

• Present to Executives

Deliverables from this phase include:

* Pricing Matrix - compares the various pricing schedules identified
* Executive Presentation – highlights findings and recommendations from analysis performed

**Outside of Scope (Phase II)**

– Customer communication plan

• Conduct internal training on price point changes

• Develop communications to customers

– Implement New Pricing

• Propose new pricing scenario to Executive Management (mid May)

• Scope systems impacts of changes

• Build changes into systems (e.g. Account Analysis)

• Go Live (10/11)

**Project Staffing**

**XYZ Resources**

Linus O’Reilly will be the coordinating Vice President responsible for the project. Conor Jones will be the engagement director and provide overall project direction. Jess McDonald will be the project manager and analyst on the engagement.

**Bank 123 Resources**

BANK 123 will provide the following resources to assist in identifying the existing Bank 123, and developing the final Executive presentation:

1. Linda Peters
2. Brett Downs

**Bank 123 Responsibilities**

Firm XYZ will provide the services outlined above within the time period specified and in the prescribed manner, provided that Bank 123 can ensure that requested data and staff resources will be available in a timely and consistent fashion.

Bank 123 will need to ensure:

1. Pricing schedules for Indiana National, Lowell Bank and Fort Gratiot Bank are available; and,
2. Resources identified above are available and committed to resolving issues that arise.

**Timing and Fees**

Based on the project approach and timeline, the activities to perform the project are estimated to take approximately eight weeks. We anticipate starting this project on April 2, 2001. Our estimated fees for this project are $150,000 to $175,000 plus expenses.

We will use our best efforts to complete this project early and within our estimated fees to help you meet your business objectives. Should the scope of the project change, or should other events occur which will cause the timeline or budget to change, we will discuss this situation with you prior to proceeding. Changes in project scope will be controlled using a formal management review and approval process.

It is our practice to estimate and bill for our professional fees in advance on a monthly basis. Related business expenses will be billed monthly, as incurred, in addition to our professional fees.

We look forward to continued work with you and the opportunity to provide the resources, methods, tools and leadership required for your success. We ask that you indicate your understanding of this letter and Firm XYZ’s participation in the Cash Management Pricing Assessment project by signing below. If you have any questions, please contact Linus O’Reilly (312-989-2444) or Conor Jones (312-989-2443).

Sincerely,

Linus O’Reilly

Vice President

Firm XYZ

**Authorization to Proceed**

I agree to the scope and terms of this letter and I accept Firm XYZ’s proposal to proceed with this project.

Senior Vice President, Bank 123 Date