



WITHOUT PREJUDICE EXCEPT AS TO COSTS

12 May 2008

BY FACSIMILE: (02) 9210 6611

Corns Chambers Westgarth
Solicitors
Governor Phillip Tower
1 Farrer Place
SYDNEY NSW 2000

Your Ref: PRM/JD/CATH 4300-9006837
Our Ref: ELL:114/04

Attention: John Dalzell/Paul McCann

Dear Sirs

**ELLIS v HIS EMINENCE CARDINAL PELL & THE TRUSTEES OF THE ROMAN
CATHOLIC CHURCH FOR THE ARCHDIOCESE OF SYDNEY & ANOR
SUPREME COURT OF NSW 20308 OF 2004**

We refer to your letter to us today.

It appears that there may be some misunderstanding following the last adjournment, and that you may not have taken into account our letter of 11 April 2008 in adopting the stance you have today.

After our letter of 11 April 2008, we spoke with your Victoria Brigden. Our understanding was that you would arrange to have the matter retained in the telephone directions list and adjourned for one month (which was the time you said you needed to obtain instructions regarding your clients' claim for costs). Ms Brigden confirmed this to us in an email on 14 April 2008.

This was reinforced when we received your correspondence last Friday, 8 May 2008, to which we responded. Despite you having no entitlement to issue an Examination Notice, our client has proceeded in good faith to complete the Notice, as you said you needed this in order for your clients to finalise their position regarding the earlier costs orders.

Unless your clients have in fact already resolved to pursue its costs, we see nothing at all to be gained by your present stance. For the avoidance of doubt, we confirm that our clients earlier offer stands: if your clients are prepared not to pursue the past costs orders, our client will give a full release in relation to the present proceedings and any future causes of action.

We wish to avoid a repeat of the circumstances which have attended the previous 2 directions hearings. In other words, we seek to have the position of each party made clear well before the hearing on 26 May 2008.

A handwritten signature in dark ink, appearing to be the initials 'A' or 'AA', is written above the contact information.

GPO Box 2155 Sydney NSW 2001 ABN: 74 789 848 805

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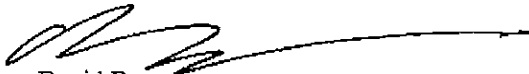
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We therefore propose that a settlement meeting be arranged for next Monday, 19 May 2008 at 2.00pm between our client and an appropriately authorised representative of your clients with a view to achieving a final resolution.

Our client will undertake to provide the financial information requested well in advance of the meeting.

We look forward to your response.

Yours faithfully



David Begg
DAVID BEGG & ASSOCIATES

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