

Royal Mail – Strictly Confidential

RMH(06)1ST
RMH06/01 - 20

ROYAL MAIL HOLDINGS plc

(Company no. 4074919)

Minutes of the meeting of the Board of Directors
held at 148 Old Street London, on 10 January 2006

Present:

Allan Leighton
David Burden
Adam Crozier
David Fish
Richard Handover
Sir Mike Hodgkinson
Tony McCarthy
John Neill
Baroness Prosser
Helen Weir
Bob Wigley

Chairman
Group Chief Information Officer
Chief Executive
Non-Executive Director
Non-Executive Director
Non-Executive Director
Group Director, People and Organisational Development
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director

In attendance:

Jonathan Evans

Company Secretary

Also present:

Rico Back
Frank Schinella
Martin Gafsen
Peter Corbett
Ian Anderson
Michael Mire
Jon Millidge
Neil Henderson
Andrew Wilson

Chief Executive, GLS
Acting Group Finance Director
Group Investment Director, for RMH06/09 and 12
Finance Director, Post Office Ltd, for RMH06/09
Human Resources Director, POL, for RMH06/09
McKinsey & Co, for RMH06/09
Employee Relations Director, for RMH06/10
Service Integrity Director, Royal Mail Letters, for RMH06/13 –14
Group Security Director, for RMH06/13 - 14

RMH06/01

DIRECTORS

- (a) The Chairman welcomed Helen Weir to her first meeting of the Board. The Board noted that Helen Weir had been appointed for a three-year term, beginning on 1 January 2006, and agreed that she be appointed to the Board's Audit and Risk Committee with effect from the same date;
- (b) the Board noted that the Secretary of State for Trade and Industry had given his consent to the appointments of Ian Griffiths as MD Royal Mail Letters, and of Alan Cook as MD Post Office Ltd. The appointments would take effect on 6 February 2006 and 1 March 2006 respectively;
- (c) the Board noted that David Mills' resignation as Director of the Company had taken effect on 31 December 2005.

RMH06/02

MINUTES OF PREVIOUS MEETING RMH(05)12TH

- (a) The minutes of the meeting held on 6 December 2005 were approved and signed.

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RMH06/03

MATTERS ARISING – RMH(06)01

- (a) The Board noted the status report;
- (b) Reed and Manpower contracts (RMH(05)213(h)) – Tony McCarthy reported that these contracts had not been finalised and that negotiations were continuing;
- (c) Wholesale Director (RMH(05)212(a)) – Adam Crozier reported that he had now received legal advice about the appropriateness of the Wholesale Director having a seat on the Letters Board. He would be considering this advice over the next few days;
- (d) Avian 'flu (RMH(05)212(f)) – David Burden expanded on his report to the Board, explaining that a current major focus of activity was on determining contingency plans for the response to widespread absence of staff in delivery offices, particularly delivery office managers. John Neill outlined some of the approaches being taken in Unipart: David Burden accepted the offer to pursue these with John Neill in more detail;
- (e) Pension Protection Fund levy (RMH(05)216(b)) – John Neill felt the Board should be doing more to press the authorities for greater transparency about the formulae being proposed to calculate the levy. They currently relied heavily on company ratings provided by Dun and Bradstreet, the basis of which appeared opaque and the results volatile: for RMG the levy could vary by tens of millions of pounds. Frank Schinella undertook to return to the Board with an update on the latest position, and a proposal for any action the Board might take.

ACTION
David Burden

ACTION
Frank Schinella

RMH06/04

OTHER MINUTES

- (a) The Board noted the minutes of the meetings of
 - the Royal Mail Letters Board of 16 November 2005
 - the GLS Supervisory Board of 8 November 2005
 - the Audit and Risk Committee of 15 November 2005
 - the PFWW Supervisory Board of 23 November 2005.

RMH06/05

CHAIRMAN'S BUSINESS

- (a) The Chairman had no business other than that covered elsewhere on the agenda.

RMH06/06

REPORTS FROM CHAIRS OF BOARD COMMITTEES

- (a) Nomination Committee: Richard Handover reported on the proceedings of the Committee:
 - the process for gaining the Government's approval to the appointment and remuneration of Alan Cook had proved tortuous. Part of the difficulty had stemmed from the Company itself not following its own procedures fully, but

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Government had also not handled the matter adroitly. A meeting had been held with members of the Shareholder Executive to learn lessons for the future;

- the process for recruiting a new Group Finance Director was following a better process, with which Government was content. There were currently two front-runner candidates, although others were also being explored;
- Richard Handover had agreed with Jane Newell that while the future Group Finance Director would not be a pension fund trustee or a formal member of the Trustee Board's Investment Committee, the GFD would have full access to both bodies when necessary. Jane Newell fully recognised the importance of ensuring the trustees took the GFD's input, but had not wanted the issue of the GFD's formal membership of the Investment Committee, which could have proved controversial with some trustees, to have become an unnecessary obstacle;
- the Committee would soon be considering candidates to succeed Marisa Cassoni on the Trustee Board;

(b) The Committee had also agreed the following nominations for the Board's endorsement:

- Adam Crozier to be the Royal Mail Group shareholder representative on the Camelot Board. If the Board approved this nomination, it would then be subject to the approval of the other Camelot shareholders;
- Carl-Gerold Mende, Director International, to be the Royal Mail Group shareholder representative on the Board of G3 Worldwide Mail;
- the CWU had nominated Kevin Shaw for a further term as trustee of the Royal Mail Pension Plan. The existing protocol for trustee appointments was that the Company would accept union nominations unless the Company had any over-riding objections. The Committee had no objections to this re-appointment, and had therefore agreed that Kevin Shaw be re-appointed for a further three-year term as a union-nominated director of Royal Mail Pensions Trustees Ltd, with effect from 1 January 2006.

The Board agreed these appointments.

- (c) Remuneration Committee: David Fish reported that Government approval to the LTIP, annual bonus arrangements for 2005/06 and executive directors' pay review all still remained outstanding. He had recently had a very unsatisfactory meeting with some members of the Shareholder Executive and HM Treasury who were new to the subject and not briefed on the matters outstanding, leading to no progress being made. The Board asked David Fish to pursue with Mark Higson this apparent dilatory attitude on the part of the Shareholder Executive. If the position did not soon get resolved, the Chairman would wish to take up the matter with the Minister, as it was unacceptable that, in particular, the bonus scheme remained unagreed with only

ACTION
David Fish

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two and half months of the financial year left to run;

- (d) Audit and Risk Committee: Bob Wigley reported that there had been no business conducted by the Committee since the last Board meeting. He was delighted that Helen Weir had agreed to join the Committee, and looked forward to her membership of it;
- (e) Corporate Social Responsibility Governance Committee: Sir Mike Hodgkinson reported that there had been no business conducted by the Committee since the last Board meeting.

RMH06/07

EXECUTIVE DIRECTORS' REPORTS

- (a) The Board noted the reports from the executive directors;
- (b) Royal Mail Letters: Adam Crozier reported that letters quality of service had continued its good performance, with nearly all licence targets still on course to be achieved;
- (c) the financial outlook of the business had improved since the period 8 report, supporting the concerns Adam Crozier had raised at the previous meeting about the forecasts being unduly pessimistic. While this improvement in performance was pleasing, the Business clearly needed to improve its ability to forecast accurately, and this was being pursued;
- (d) the Christmas pressure period had passed relatively smoothly, although the forecast profile of postings over the period had proved inaccurate. Service quality had improved significantly compared with the previous year, although there remained a number of improvement opportunities which were being followed up, especially the service performance of mail posted to "distant" areas;
- (e) the outcome of the Postwatch v Postcomm Judicial Review of the application of the terms of the bulk mail compensation scheme was a major concern to the Company, as the Judge's decision could potentially give rise to the Company needing to make further compensation payments of up to some £40million. The decision when received in full later in January would be examined carefully with the intention of instigating an appeal. Adam Crozier felt that the responsibility for the potentially serious position in which the Company now found itself could be laid at the door of Postcomm, to which he would be making representations in the near future. The Chairman reminded the Board that the Company had agreed to extend its credit terms as part of the original agreement reached with Postcomm on the application of the bulk mail compensation scheme: if the Company was to lose this case, then that revision in credit terms should also be re-considered;
- (f) Richard Handover queried whether the variations in sales performance in various business sectors, as shown in the sales report, were reflected in the overall revenue forecast of RML. Adam Crozier confirmed that this was the case;

ACTION
Adam Crozier

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- (g) Parcelforce: Adam Crozier reported that Parcelforce had had a good Christmas, although a concern was that quality of service may be suffering as a result of the sustained cost reduction being pursued by the business unit;
- (h) the Packet Strategy work was now well-advanced, and the results would be brought to the Board within the following two months;
- (i) GLS: Rico Back updated the Board on current events in GLS. The full-year profit forecast remained at €140.8m, some €26.4m higher than budget, with some further upside potential which would be shown in the next forecast;
- (j) Post Office Ltd: Adam Crozier reported that Dave Miller was standing in as acting MD until Alan Cook arrived in March. The major issue for POL over the previous month had been the decision by the Department for Work and Pensions to phase out the Post Office Card Account, which contributed some 15-20% of POL's revenues. On top of this, POL was re-forecasting downwards the revenues from its financial services products. The impact of this on POL's strategic plan and funding arrangements was urgently being reviewed, and a special meeting of the POL Board was being held later that week. David Fish reminded the Board of his view expressed on several previous occasions that POL needed to do more work to understand fully the nature of its USP: this was now of even greater importance as POL was having to revisit its business strategy;
- (k) TS&I: David Burden reported that the HWDC plant had performed well over the Christmas pressure period, with few technical failures;
- (l) P&OD: Tony McCarthy reported that the Christmas resourcing operation had gone well, with 105,000 applications for casual working being handled. The criminal vetting arrangements had proved effective, with over 700 applications being rejected following vetting. Bob Wigley asked the Board to note the impressive scale of the activity undertaken by P&OD in this and other areas;
- (m) the Chairman asked for Tony McCarthy's future reports to the Board to include a regular analysis of Employment Tribunals in which the Company was engaged.

ACTION
Tony McCarthy

RMH06/08

FINANCE DIRECTOR'S REPORT

- (a) The Board noted the financial reporting pack, and Frank Schinella's presentation. The Board further noted:
- (b) the Company had had a good period 9, with stamp sales particularly high over the Christmas period. The cumulative position as at period 9 showed Group operating profit before

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exceptional items at £279m, which was £20m adverse to budget and £109m favourable to prior year. The full-year forecast was now for a profit performance of between £330-360m, compared with the target of £308m and the stretch target to meet the *Share in Success* trigger point of £334m;

- (c) Adam Crozier pointed out that while this latest forecast was encouraging, the presentation of it, if it translated into the year's actual result, would need careful handling to ensure that the wider and longer-term threats to the Company were not obscured by undue optimism from the year's results. In this regard the Board noted that the main source of the good performance in the Group as a whole was GLS, with the UK position fairly flat;
- (d) Richard Handover asked the Board to note what he considered to be an excellent performance over the Christmas period, for which management deserved credit.

RMH06/09

GOVERNMENT FUNDING – RMH(06)02 AND 03

- (a) Adam Crozier opened the discussion by summarising for the Board the path of the numerous discussions with the Government over the previous 18 months about various ways in which the future funding of the Company, including the pension scheme, could be secured. The course of events had inevitably been influenced by changes in the political climate over the period, resulting in the Government now taking a considerably more cautious approach to structural and funding options for the Company;
- (b) if sufficient Government support in terms of funding and structural change were not to be forthcoming, the Company would be unable to meet its ambitions to be a world-class postal company, and would then probably enter a period of inexorable managed decline. As that would be an unacceptable scenario for the current Board, the implication was that the Board needed to pursue options which could lead to the Company having a successful future but which did not rely so much on Government support. These options would require a combination of an even more aggressive attack on productivity, the separation for funding purposes of POL from the rest of the Group, the release of value from the sale of assets, or a partnership of some form with a major third party.
- (c) In discussion, the Board noted:
- (d) the recent decision of the Department for Work and Pensions to phase out the Post Office Card Account had considerably weakened the position of Post Office Ltd. The prospects of POL being able to re-establish itself as a viable commercial company without substantial Government support were now remote: the future of POL and the size of the network, over and above the 3,500 to 4,000 outlets needed by Royal Mail to satisfy the licence requirements for the Universal Service Obligation, were

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becoming essentially political issues, and should not be allowed to complicate the funding of Royal Mail Letters. The Board however recognised that even if POL could be ring-fenced to a greater degree, there would continue to be sizeable cross-business trading between POL and Royal Mail, on which POL would be heavily reliant;

- (e) directors had varying views on whether Royal Mail needed to have aspirations to be a worldwide, as opposed to a world class, company. All directors wanted the Company to become world class – indeed for many this had been the motivation for their joining the Company – while others saw world class as inevitably implying a worldwide presence. In practical terms, this issue would have relevance to the decision to sell or retain GLS. The Board had decided at its previous meeting not to pursue a sale at this stage, but directors acknowledged that a sale may be a necessary means of raising funds depending on Government's intentions;
- (f) directors agreed that under any scenario, the need to make a step-change improvement in productivity was paramount. This implied not only effecting a radical culture change to create greater workforce flexibility, but also a more stringent and efficient use of capital focussed on productivity gains. David Fish outlined his idea of gaining advantage from relocating mail centres on to greenfield sites, creating both a new platform for radically different working practices, as well as releasing value from property disposals;
- (g) for reasons of achieving a widespread and sustained culture change, some form of share scheme remained essential to gain a greater level of engagement between the Company and its people. Were the Government to find an actual disposal of shares impossible politically, then some form of phantom scheme would be acceptable providing it was seen as a staging post to a full share scheme. It was in any case necessary to introduce a new scheme of some form to replace *Share in Success*, as the expectations for continued payments from it had become unaffordable;
- (h) the option of establishing some form of partnership with a third party was potentially timely, in view of the current early stage of opening of the postal market in the UK. Once third parties had established themselves as serious operators in the UK market, the competition authorities would find it more difficult to sanction a link-up with Royal Mail. This therefore gave impetus to explore the option further in the near future;
- (i) in consideration of the points raised in discussion and in the papers tabled, the Board agreed the following course of action:
 - the POL strategy should continue to be evaluated in the light of the DWP's decision to withdraw the Post Office Card Account;
 - the consequent change in the financial position of POL should

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ACTION
Frank Schinella/
Rico Back

ACTION
Frank Schinella

- be brought urgently to the attention of Government more widely, in the context of the current funding negotiations;
- while the Board supported in principle the proposals for altering the internal structure of the Group ("Project Eagle" – RMH(06)02), the detailed proposals should first be considered and approved by the Audit and Risk Committee. Frank Schinella and Rico Back would discuss further the proposal contained in the paper for GLS to pay dividends to Royal Mail to ensure that the position of GLS was not sub-optimised;
- discussions with the Trustee of the Royal Mail Pension Plan should be conducted as proposed (in "Approach to funding the pension deficit" – part of RMH(06)02). In addition analysis should be made of the financial consequences on the Company of different funding scenarios: of a 10 year deficit repayment period, and of the mortality assumptions causing a £2bn additional funding requirement;
- experience had shown that reliance could not necessarily be placed on Government delivering the support the Company needed: while the current negotiations with Government should continue to be conducted with vigour, the Company should also be seriously pursuing alternative options, including discussions with potential third parties which the Chairman and the Chief Executive would progress;

- (j) the Board finally turned to the matter of the terms of appointment of four of the non-executive directors which had expired on 31 December 2005. The directors had been informed that the Secretary of State, as an interim measure while the future funding of the Company was being resolved, had given his consent for their appointments to be extended by up to six months, until 30 June 2006. In view of the continuing uncertainty about Government's intentions for the Company, the four directors had expressed reluctance to agree to this extension in full, but confirmed their agreement to continue their directorships until at least the date of the February board meeting, when the position would be reviewed again.

RMH06/10

INDUSTRIAL RELATIONS PLAN

- (a) Tony McCarthy and Jon Millidge presented to the Board their proposals for forthcoming negotiations with the CWU. These would constitute a first phase to cover the 1 April 2006 pay review, and help lead towards a second phase of wider changes outlined to the Board at its previous meeting as the "Big Deal". Work was still continuing on developing the second phase, in response to the Board's previous comments: however there was a need to progress matters with the CWU quickly, in order to address the substantial cost challenge facing Royal Mail Letters in 2006/07, and that was the purpose of the first phase;
- (b) the basic proposal was to implement a number of cost-saving initiatives in operational areas, and to incentivise these by introducing a savings-sharing element into front-line pay. These savings-related payments would then be used, in negotiation, to

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offset the need for a "cost of living" pay increase, due at 1 April 2006;

- (c) there was a trade-off to make between the size of ongoing consolidated pay increase, and the proportion of the cost savings shared. The proposal was for a 50% sharing ratio, with a corresponding consolidated pay increase of 2%;
- (d) the operational changes would result in headcount reductions of up to 11,000. It was the intention to facilitate this by means of a voluntary redundancy programme;
- (e) some of the proposed operational changes were likely to be controversial, and some resistance from the CWU – possibly resulting in industrial action – was likely. However the savings-sharing element of the proposed deal would act as a part counter-balance to this, as people would need to weigh up the value of gaining directly from the introduction of change rather than opposing it.
- (f) In discussion the Board noted:
- (g) the changes were designed not to impair service levels. It was pointed out that the withdrawal of some night working in delivery offices would result in some deliveries being made later than currently, but the revised times would still be within Royal Mail's published delivery specification;
- (h) the Chairman thought the time to be right to send a letter from him to all front-line people to thank them for their efforts over Christmas, and to tell them that their *Share in Success* payments were currently on track. This would be useful background to the next few months were the changes to prove controversial;
- (i) some directors challenged the proposal to share 50% of the cost savings with employees, on the grounds that this would set a benchmark level for the future, which could turn out to be unaffordable. A level of one third savings was considered to be more appropriate with a higher ongoing pay increase;
- (j) Bob Wigley felt that the proposal should be self-funding, excluding the one-off costs of redundancies. He was concerned that the costings of the proposal apparently did not include all the pension costs associated with the increased pay levels.
- (k) In conclusion the Board:
 - endorsed the two phase approach to the negotiations and the proposal to tackle a number of operational efficiency improvements in phase one;
 - agreed that the negotiations with the CWU could begin;
 - requested that the views expressed in the discussion about the desirability of a smaller savings share be considered further in order not to create an unhelpful precedent;

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- requested that the costing of the proposed deal, which should be self-funding, include all incremental additional pension costs;
- noted that then proposal for the second phase of the negotiations would be presented to the Board in February.

RMH06/11

ROYAL MAIL LETTERS TARIFFS

- (a) The Board noted a presentation from Alex Batchelor and Lorna Clarkson, and noted in particular:
- (b) the start of the three month consultation period for April price increases should have been at the beginning of January, but in view of the delay to the publishing of the final proposals on Price Control, Postcomm had agreed to allow Royal Mail to delay the date for publishing its prices until mid-January. Postcomm had also agreed to a deferral of the auditing of the price changes and to reducing the normal customer notice period to ten weeks;
- (c) the weighted average of the proposed price increases, to be introduced with effect from 3 April 2006, was 4.9% across all services, with 1st class and 2nd class stamp prices each increasing by 2p. 1st class meter and account prices would continue to be 1p lower than stamp prices, with a similar reduction introduced for 2nd class. There would also be a new business price line, and a simplified bulk products pricing structure;
- (d) the impact of the proposed increases was some £30-40million below the permitted maximum within the price control, and further work was being undertaken to develop the proposals to reduce this gap;
- (e) it was further proposed to introduce zonal pricing – a mechanism to charge business customers according to delivery point density – as a key pricing lever to respond to competition. The timing of its introduction was a key issue, with introduction before 3 April advantageous to avoid the issue being caught by the new price control. However early introduction may prove controversial with Postcomm. The merits of early introduction were still being assessed;
- (f) work was also progressing on a methodology for contract pricing – ie the giving of a discount against standard pricing for customers who commit business to Royal Mail for a given contractual period. The issue was being reviewed by Postcomm. Again the approach to this issue was being assessed further.
- (g) The Board:
- (h) endorsed the Royal Mail Letters tariff proposals to be implemented on 3 April 2006;
- (i) noted the proposed plans for the deployment of zonal and contract pricing;

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- (j) devolved authority to Adam Crozier to agree the final detail of the tariff proposals, together with the timing and manner of introduction of the zonal and contract pricing proposals;
- (k) noted the proposed timing of the *Pricing in Proportion* changes, scheduled for 21 August 2006.

RMH06/12

FLATS AUTOMATION – RMH(06)04

- (a) The Board noted David Burden's paper. The Board noted further in discussion:
- (b) in David Fish's opinion, the financial return from the project was disappointing, with a seven-year payback and an IRR of 19% being unacceptable for this type of major investment project. While the performance of and return from an individual flats machine looked to be acceptable, the project as a whole, possibly because of the phasing of the cash-flows, was not;
- (c) David Burden considered that the main reason for the relatively poor investment return was, as explained in the paper, that the business case claimed low savings in people costs, and in particular the new flats machines were showing a poorer return than the existing machines in operation. While he accepted that this issue needed to be revisited, he was anxious not to miss the opportunity of securing favourable terms with the supplier;
- (d) Martin Gafsen expressed the opinion that the returns were not necessarily below those expected from a project of this sort. In Helen Weir's view, the returns were low, but the key point, which she was not aware had been addressed, was how this project – with a commitment for nearly £100m of capital expenditure – ranked amongst other possible investment cases. She felt the Board ought to understand whether it would be committing its limited capital resources to the right projects;
- (e) summing up, the Chairman concluded that while the Board was supportive of the introduction of more flats sorting machines, it had difficulty with the project as presented to it. The Chairman invited David Burden, Frank Schinella and Martin Gafsen to consider the points made in the discussion about relevant financial benchmarks and capital expenditure priorities, and return to the Board with a revised proposal - not only for this project but also for appropriate hurdle rates and prioritisation criteria for the capital expenditure programme. In the meantime the negotiations with the supplier of the flats automation machines could continue, but could not be concluded until the Board had considered the case again.

ACTION
David Burden/
Frank Schinella

RMH06/13

MAILS INTEGRITY – RMH(06)05

- (a) The Board noted Adam Crozier's paper, which outlined the action plan that had been assembled to address issues raised in various recent reviews of mails integrity, staff vetting and other

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security arrangements in Royal Mail. The plan also covered actions in response to the introduction of a new Postcomm code of practice on mails integrity;

- (b) the Board agreed that the action plan should be considered in further detail by the Audit and Risk Committee. Bob Wigley said that he would want in particular to understand the reasons for the rejection of certain recommendations made by CRG consultants in the review of security procedures.

RMH06/14

SECURITY REVIEW – RMH(06)06

- (a) The Board noted Andrew Wilson's report;
- (b) the Chairman pointed to the marked increase in reported theft by employees, and questioned what actions were being taken to address this. Andrew Wilson explained that to an extent the increase in reported theft reflected the incidence of investigation work – the more emphasis that was placed on this, the greater the number of offenders that would be identified. However he had some concerns that whilst in the previous year the main category of offenders had been casual workers, the incidence of crime amongst permanent staff was now higher despite the implementation of criminal record checks. Andrew Wilson undertook to review the available data on this further with Tony McCarthy;
- (c) Neil Henderson explained how the adherence to security procedures was being given a higher prominence by operational teams. The approach followed the successful methodology adopted to improve quality of service in Royal Mail Letters over the past year: compliance with security procedures would be measured and reported regularly at unit, area and national level, with the results becoming a key focus of performance management reviews. Through this approach and an accompanying internal communications drive, operational line managers would be left in no doubt as to the importance to the Business of the need for consistent compliance with security procedures.

ACTION
Andrew Wilson/
Tony McCarthy

RMH06/15

REGULATION REPORT – RMH(06)07

- (a) The Board noted report.

RMH06/16

RMPP QUARTERLY FUNDING REPORT – RMH(06)08

- (a) The Board noted report.

RMH06/17

HORIZON: NEXT GENERATION – RMH(06)09

- (a) The Board noted the paper. The Board questioned whether the specification for future Horizon capability took into account the need for the likely flexibility resulting from the recently reported intention of the Government to withdraw the Post Office Card Account. Sir Mike Hodgkinson confirmed that this issue would

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feature amongst others in the POL Board's special meeting to be convened later that week to consider the response to the Card Account's withdrawal.

RMH06/18

COMPANY SECRETARY'S REPORT - RMH(06)10

- (a) The Board noted the report;
- (b) the Board noted further with some concern the report on the attacks made on Jimmy Tachadach. Jonathan Evans undertook to establish why there had been so many attacks on this person, and what was being done to help him.

**ACTION
Jonathan Evans**

RMH06/19

OTHER BUSINESS

- (a) Richard Handover suggested that occasionally the Board should meet before meetings to have dinner with a small number of potentially high-flying younger managers. Jonathan Evans undertook to arrange this in conjunction with Tony McCarthy.

**ACTION
Jonathan Evans**

RMH06/20

CLOSE

- (a) In the absence of any further business, the Chairman closed the meeting. The next meeting was scheduled for 7 February 2006 at 148 Old Street, London.

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