



Mr Allan Leighton

GRO

26 November, 2003

Dear Allan

Non-Executive Chairman of Royal Mail Holdings plc

I am writing to confirm the terms of your appointment as Non-Executive Chairman of Royal Mail Holdings plc (registered no 4074919) and as agreed by the Secretary of State for Trade and Industry.

1. Term of Appointment

- (a) You shall serve the Company as Non-Executive Chairman for a three-year period from 25 March 2002 until 25 March 2005 subject to annual review and notice.
- (b) Your appointment is subject to the provisions of the Articles of Association of the Company.
- (c) You will spend at least two days a week with the Company.

2. Remuneration

You shall be paid monthly in arrears for your services during the term of your appointment directors fees totalling £20,000 per annum or such higher amount as the company may from time to time determine and notify to you in writing. As a member of the Nomination Committee you will receive an additional payment of £1500 per annum in addition to your Non-executive director fee. In addition, you will also be eligible for consideration of an annual performance-related bonus of up to £180,000 per annum.

3. Expenses

Subject to the Articles, the Company shall reimburse you for all reasonable travelling, hotel and incidental expenses, which you may incur in performing your duties.

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4. Powers and Duties

(a) You shall exercise such powers and perform such duties as are appropriate to your role as Non-Executive Chairman of the Company.

(b) You shall comply with all reasonable directions from, and all regulations of, the Company including, without limitation, regulations with respect to confidentiality, dealings in shares and notifications required to be made by a director to the Company or any other regulatory body under the Companies Acts, the Articles or any other regulations of the Company. You will also observe the terms and conditions of the City Code on Takeovers and Mergers and the rules of the UK Listing Authority.

5. Confidential Information

(1) You shall not, either during the term of your appointment as a director or thereafter:

(a) use to the detriment or prejudice of the Group or divulge or communicate to any person any trade secret or any other confidential information concerning the business or affairs of the Company or the Group (except to employees or directors of the Group whose province it is to know the same) which may have come to your knowledge during the term of your appointment; or

(b) use for your own purpose or for any other purposes other than those of the Group any information or knowledge of a confidential nature, which you may from time to time acquire in relation to any member of the Group. This restriction shall cease to apply to any information or knowledge, which may come into the public domain (except through your default).

(2) During the term of your appointment as a director, you shall not be or become a director or employee or agent of any enterprise, or have or acquire any material financial interest in any enterprise, which competes or is likely to compete or has a significant business relationship with any member of the Group without the prior consent of the Board in writing (such consent not to be unreasonably withheld or delayed).

6. Directors' and Officers' Insurance

The Company has taken out insurance cover for directors' and officers' liabilities. Full details of this cover can be obtained from the Company Secretary.

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7. Termination of Appointment

Your appointment shall terminate on the earliest of:-

- (a) on the date of expiry of the period specified in clause 1(a);
- (b) your ceasing to be a director for any reason pursuant to the Articles or any other applicable law.

8. Return of Papers

You shall promptly whenever requested by the Company and in any event upon your ceasing to be a director of the Company deliver up to the Company all lists of clients or customers, correspondence and all other documents, papers and records which may have been prepared by you or have come into your possession as a director of the Company. You shall not retain copies. Title and copyright therein shall vest in the Company.

Yours Sincerely

GRO

Jonathan Evans
Company Secretary