

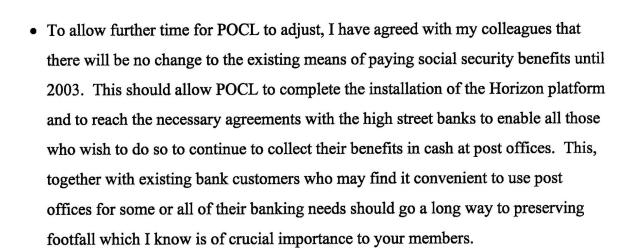
ANNEX A

MEETING WITH NATIONAL FEDERATION OF SUBPOSTMASTERS ON TUESDAY 8 JUNE 1999 AT 3.00PM

Points to make

- Know that you attended this morning a small working group of key players on the
 Horizon project. I asked Mr McCartney to establish this group to help ensure that
 the project is now taken forward in a positive and decisive way to a successful
 conclusion.
- Realise that the decision not to continue with the benefit payment card is a major
 disappointment to your members. However, in the circumstances we sought to
 achieve the best possible outcome given the delays to the project of almost 3 years
 and the difficulties in the relationships. Hope that simplification of the project will
 help it to be delivered more quickly.
- Benefit recipients are in any case opting in increasing numbers for payment by ACT
 and there should therefore be advantage in optimising the system from the outset to
 keep as many of these customers in the Post Office as possible. The Government
 has agreed to contribute £ 480 million towards the capital cost of the reconfigured
 system. This represents a major investment in the future of the Counters business.
- Believe the Post Office's popularity and reach puts it in a good position to negotiate with the banks and pick up existing benefit recipients and other banking customers as banks rationalise their networks. Also in good position to pick up electronic Government work. We shall look to members of Ian McCartney's Working Group to work together to maximise the very great commercial potential of the Horizon platform, but we shall also be discussing the future viability of the post office counters network with the Post Office in the context of the Strategic Plan.

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• I shall also be discussing with my colleagues the position of other important Government and Government Agency clients such as DVLA and the Department for National Savings. We shall be looking for a balance between on the one hand the understandable wish of these clients to find the most cost -effective means of delivering their services to their customers, and giving their customers a range of choices for accessing the services, and on the other hand the needs of POCL to avoid too sudden a change in their financial circumstances. No decisions have yet been taken on this.

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