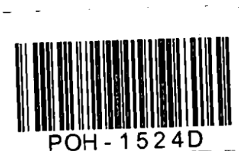


ICL PLC
International Computers Limited
ICL Global Investments Limited

Minutes of the ICL Executive Management Committee

Held at 9 a.m. on Wednesday 26th May 1999
at ICL, Observatory House, Slough

Present Mr T K Todd (Chairman)
 Mr A Boswell
 Ms F Colquhoun
 Mr W J Davison
 Mr T Escudier
 Mr A Gibson
 Mr R M Hacking
 Mr N R Hartnell
 Mr A King
 Mr D Palk
 Mr D J Teague
 Ms M A Van Ingen



In attendance Mr R F Scott (Company Secretary)
 Mr A Downing
 Mr L Gorski
 Mr Y Sumida

Apologies for absence were received from Mr R Christou

Note: Actions arising are not included in the Minutes, but listed separately
(see attached).

All approvals etc in the Minutes must be read together with any
related actions on the list.

99/56 Minutes of Meeting on 26th April 1999.

The Minutes were agreed.

99/57 Matters Arising – Actions from last meeting

Progress noted, will all concerned please complete remaining actions
as soon as possible.

99/58 Pathway Project and Results Announcements

- a. Keith reported on the announcements of the day before the
meeting, which had seemed well received by analysts and press.

- b. A new contract on a non-PFI basis would be put in place for Pathway of revenue of around £1bn up to 2005. This brought a faster profile of revenue receipts than previously planned, thus helping the business plans for (inter alia) flotation and removing uncertainty. A profit of £60m was expected. Relations with the Government were good and this should help with business in the Accord Project. A write-off of £180m had been taken as a result of the Government's cancellation of the magnetic strip card element.
- c. The Post Office had been upset by the anticipated loss of DSS benefits payment business but we and they expected a successful partnership in the future.
- d. The Post Office wished to be a shareholder in Camelot and there could be benefits from this. However Keith had not yet accepted ICL would meet an element of the discount they expected on the market price of Camelot shares. OSD had a new support contract with Camelot and future possibilities included that Pathway/Post Office terminals could take lottery business.
- e. Fujitsu had been greatly supportive during the negotiations on Pathway.
- f. ICL's results had shown operating profit on continuing business at 3%, up from last year, a step towards the 6% expected in the year flotation takes place. We expected 4.5% in the current year.
- g. The Fujitsu decision on flotation could be taken, possibly in July, now that Pathway issues had been resolved, in the light of a new ICL three year business plan. Keith believed the fundamentals were in place and that a favourable decision should come.
- h. The Fujitsu results were noted. The Pathway provision and other items had converted a small profit into a loss of \$113m.
- i. Keith believed that what would be remembered on Pathway in the future was that a system including 40,000 terminals had been installed in Post Offices usable for 20 years, not that ICL took a £180m provision in 1999.
- j. Keith said that Andrew would be helping him with ongoing business issues while Nigel with Ian and Malcolm would do forward planning including of course float and the new three year plan.
- k. The recent PFI wins were noted. Their revenue would considerably benefit the situation to be discussed in the new three year plan.

1. The Committee sent its thanks to Richard, John Bennett, Sir Michael Butler, George Hall and all those involved in the negotiations of the contract.

99/59 EIP

Keith said he will ask the DRC to base future EIP on operating profit on continuing business, not total PbT as last year. This would be a more suitable incentive. There would be no immediate payment of EIP for Q5 but this could be carried forward depending on the 1999/00 outrun.

There may be a half yearly or other EIP payment in the present tax year depending on achievement of profit, to enable AVC lump sum payments to be made. Adrian questioned whether the hurdles to achieve EIP at the present levels this time compared with last year were too high.

99/60 Pay Review 1999

The EMC members would be reassessing this within the next seven days against considerations of affordability.

99/61 Share Options 1999

Awards would be announced to staff with the pay review.

99/62 Functional Cost Reduction Exercise

Fiona updated the Committee with progress.

99/63 Processes and CRM

Some of ICLs processes are broken, especially in the light of the new business model and work was going on to put them right, including discussion at the Operations Committee (OC). Customer Relationship Management, with a Project Manager, is being developed for internal use.

99/64 Intertrading

The new plans would begin from end June.

99/65 Potential Divestments

The situation on the group of businesses and investments which could be disposed of, was noted.

99/66 Future Business Reviews

Reviews will be held based upon Industries, Go to Market areas and Geographies, starting from next week.

99/67 Actual Performance and May 1999 Forecasts

Andrew reported that ICL had lost £25.9m in April, £10.7m below forecast, £8.8m below budget and £15m below target. Revenue growth had gone backwards and, partly as a consequence, gross margin was significantly down.

He then went on to explain the May forecast, which showed a loss in the quarter to end June and a small loss for the year to end March. However, this was rejected and the forecast would be reconsidered. A series of actions would begin urgently, which would include work which would be the basis for the new three year plan. Amongst Andrews' figures, significant headcount increases were noted.

99/68 Items for confirmation or noting

The committee discussed the following and the content, including any approvals etc required, was endorsed.

- Update on Corporate Programme
- Y2K update
- EMU Update
- Major Bids Report - issued by S Lumb on Website
- EIC Minutes
- IT Steering Group
- PFI Board
- European Strategy Board
- FCEL Report
- Technical Strategy Board
- Property Steering Group
- Monthly Market update
- Microsoft Accreditation Report

Reports not received on:

Statutory Entity Restructuring update

99/69 Sakai-san

The Committee heard with regret that Sakai-san had become ill again and send their best wishes. It was noted that Sakai-san had left the Fujitsu Board and would become an advisor. Kurokawa-san was congratulated on joining the Board.

99/70 **Next meetings**

28 June – SLH06	29 September – SLH06
22 July – SLH06	25 October – SLH06
31 August (Tues) – SLH06	29 November – SLH06
	[?] December

ALL EMCs NOW WILL BEGIN AT 9AM

- a) Planned non-Slough meetings will be changed back to Slough including Finland on 28th June, to reduce travel time and improve effectiveness.
- b) The EMC will take ownership of the Business Transformation Campaign. Future EMCs start with 2 hours on BTC.
- c) The Business Transformation Campaign will focus on Keith and Operations Committee. Two day sessions of the OPS Committee are fixed for 17th/18th June and 12th/13th July and in the week beginning 6th September.