FUJ00058150

COMPANY SECRET

ICL PLC

MEETING OF THE BOARD OF DIRECTORS

Held at

ICL House, 1 High Street, Putney, London SW15 1SW

on Tuesday 4th March 1997

at 2.15 p.m.

PRESENT:	Mr M Naruto	(Chairman)
	Sir Peter Bonfield	(Deputy Chairman)
	Mr T K Todd	(Chief Executive)
	Vicomte Davignon	(To Item 5)
	Mr W K Gardener	(Alternate to Mr JC Monty)
	Mr S Gillibrand	
	Mr K Kitazato	
	Mr H Sakai	
	Mr H Watanabe	
IN ATTENDANCE:	Mr S Riesenfeld	
	Mr R F Scott	(Secretary)
	Mr T Yurino	
	Mr Y Sumida	
	Ms M-A van Ingen	(Item 4)
	Mr N R Hartnell	(Item 5)

Apologies for absence were received from Mr K Fukagawa, Mr T Furukawa, Mr JC Monty and Mr JJ Ollila.

At his first meeting as Chairman, Mr Naruto thanked Sir Peter for his many years of service as Chairman of ICL and said he was pleased that he would be remaining as Deputy Chairman, helping to conduct future Board and Committee meetings.

Action by:

97/1 **BOARD & COMMITTEE MEMBERSHIP** - PLC/97/1

The Board thanked Mr Kitazato for his services to ICL and wished him well in his future role, on retirement from Fujitsu, of Chairman of BT Japan. The Board welcomed Mr Sakai who was rejoining. The other changes set out in the paper were also agreed including appointment of Ms Fiona Colquhoun to the Executive Management Committee with effect from the date of her joining ICL. Accordingly the Boar

GRO

FUJ00058150

RESOLVED

A. **THAT** Mr H Sakai be and he is hereby appointed a Director of the Company in the place of Mr K Kitazato, resigned that Board approval be given for amendments to the alternate Director appointment authorities given by Mr Naruto, Mr Fukagawa, Mr Furukawa and Mr Watanabe so that Mr Sakai's name replace that of Mr Kitazato therein and that appointment by Mr Sakai of Mr Naruto or failing him Mr Fukagawa or failing him Mr Furukawa or failing him Mr Watanabe as his alternate director be and is hereby approved.

B. **THAT**, with effect from 3rd March 1997 Mr H Sakai and Mr R Christou be appointed members of the Investment and Strategy Committee (the Board noting the resignations of Mr K Kitazato and Mr RE Livesey-Haworth).

C. **THAT**, Mr K Fukagawa be and he is hereby appointed a member of the Directors' Remuneration Committee (the Board noting the resignation of Mr K Kitazato).

D. **THAT**, with effect from 3rd March 1997, Mr AJ Boswell, Mr RM Hacking and Mr DB Palk be appointed members of the Executive Management Committee (the Board noting the resignations of Mr RE Livesey-Haworth, Mr PM Whitwam and Mr JG Lillywhite) and also, with effect from the date of her joining ICL Ms F Colquhoun be appointed a member of the said Committee.

E. The Board note and accept the resignation of Mr NPD Eadie from the Executive Management Committee with effect from 31st March 1997.

97/2 **MINUTES OF PREVIOUS MEETING**

The minutes of the meeting held on 21 November 1996 were approved as a correct record and signed by the Chairman.

GRO

FUJ00058150

COMPANY SECRET

97/3 **CHIEF EXECUTIVE'S REPORT-FEBRUARY 1997** - PLC/97/2

FINANCIAL PERFORMANCE - FEBRUARY 1997 - PLC/97/3

1996 DRAFT REPORTS & ACCOUNTS - PLC/97/4

Mr Todd gave his report, Mr Riesenfeld presented on the 1996 financial performance, 1997 budget and forecast, and the Board reviewed the draft 1996 Statutory Reports and Accounts. The following points were noted:-

a) The expected 1996 loss before tax of £2.5m was disappointing, but was a considerable improvement from the expectation in November, principally as a result of profit on disposals, provision releases, and the UK Pension Plan surplus (see below).

b) Mr Todd said that although ICL had moved firmly forward as a systems and services Group, with demerger of non-core activities, the financial performance was disappointing. Actions were being taken in 1997 to learn the lessons from 1996, including improved project management, ending rationalisations, more customer focused activity, more value pricing, better alignment of people resources to business opportunities and more aggressive purchasing.

c) He outlined features of the market including the effect of a single European currency, Year 2000 activity and the implications of the Internet and Intranets. Mr Todd reviewed: the competition and three major customer initiatives; Pathway project finance from Fujitsu; GRO

GRO

d) Mr Riesenfeld presented on the 1996 results. Loss before tax of £2.5m had been struck with the benefit of significant non-operating items: profits from the disposal of the medical and access manager software businesses; £13m release of restructuring and vacant premises provisions; £22m as a result of the Pension Scheme surplus;

GRO

The Board considered whether it was appropriate to write-back the provisions at this time rather than in a future year. Mr Todd said, however, this was appropriate because of utilisation of a previously vacant building and his decision to

GRO

FUJ00058150

stop rationalisation spend by using surplus human resources elsewhere in the businesses. He added that he would be presenting the ICL results realistically and that the trading position of the continuing businesses would be apparent.

e) The 1997 forecast showed that Q1 would be behind budget. ICL was working towards a goal of a profit quarterly, then monthly in all of the businesses. As the 1997 forecast stood, however, there was a heavy dependency on fourth quarter profits, accentuated this year because of late release of the Surrey mainframe.

f) The Board then reviewed the elements of the 1996 Statutory Reports and Accounts, making several comments the results of which would be integrated into the final version of the document. The Deputy Chairman gave a brief report on the discussions of the Audit Committee earlier in the day and said that the auditors had confirmed that they would be in a position to sign the accounts shortly after the Company's and their work on the drafts had ended. He added that the auditors had the opportunity at the Committee to raise matters alone with the non-executives but nothing had been mentioned beyond issues discussed with the Executives present. It was proposed that the finalisation of the Report and Accounts for 1996 and convening of the Annual General Meeting for 1997 be delegated to a committee and accordingly the Board

RESOLVED

THAT, pursuant to the Company's Articles of Association, a Committee of the Board consisting of TK Todd, S Riesenfeld and H Watanabe (with a quorum of any two of them always including Mr Watanabe) be appointed with full powers:

1) to amend where appropriate and then approve and authorise signature of the Company's Report and Accounts for the year ended 31st December 1996;

2) to authorise signature on behalf of the Board of a letter of representation to the auditor, Messrs Coopers & Lybrand, in respect of the accounts for the year ended 31st December 1996, and of a letter of engagement from Messrs Coopers & Lybrand in respect of audit matters generally;

3) to convene the Company's Annual General Meeting for 1997;

GRO

FUJ00058150

4) to take any necessary action and grant any necessary authorities to finalise the Company's Report and Accounts for 1996 and ensure their approval on behalf of the Board and their adoption by the Company's Shareholders.

97/4 **PRESENTATION BY MS MARIE-ANNE VAN INGEN ON Tplc**

Ms van Ingen presented on her business, ICL's distributor and reseller of leading brands of small/medium servers, PCs and other products. Amongst matters covered were the potential of direct electronic purchasing and the Centurion Project to supply 100,000 Fujitsu/ICL PC and server units in the UK in 1997 (where Ms van Ingen led not only her business but other ICL and Fujitsu family operations). Planned 1997 revenue was £355m and profit £4.5m. The 1998 plan was £385m revenue and £8.7m profit. The business was going well and these figures might be achieved early.

97/5 **PRESENTATION BY MR NR HARTNELL ON ICL SERVICES**

Mr Hartnell presented on his business, covering consulting, systems integration, and IT and business process outsourcing. The business included ICL CFM (which now included all ICL's outsourcing activities), ICL Network Services (which operated in a buoyant market and had an aggressive plan) and ICL Education & Consultancy (which included the Peritas unit - winner of awards as number one training company in the UK). Revenues achieved from these businesses in 1996 had been £319m and operating profit £14m.

97/6 **HEALTH & SAFETY POLICY STATEMENT** - PLC/97/5

Mr Todd said that following the discussion at the last meeting of the Board, the proposed Health & Safety Policy statement had been reviewed to reflect fully up to date UK practice and was also aligned as accurately as possible with ICL's liability in this field. The policy made no mention of reduction of stress at work, particularly because that could not be measured, but Mr Todd would cover stress in a separate instruction.

The Board approved the statement and authorised the Chief Executive to sign it.

GRO

FUJ00058150

COMPANY SECRET

97/7 **BOARD COMMITTEES**

The Board noted the minutes of the Pension Policy Committee meeting held on 17 January 1997. It was noted that the UK Pension Plan has increased Pensions by 2.7% per annum from 1st April 1996, slightly more than the guaranteed increase of 2.5%.

The minutes of the Audit Committee meeting held on 21st November 1997 were approved.

97/8 **DOCUMENTS SIGNED AND SEALED** - PLC/97/6 & 6a

The Board agreed:

The signing of the document dated 23th December 1996 set out in the Register of Documents signed Under Hand.

The sealing of the documents numbered 75350 to 75355 and execution of several deeds, noted in the Register of Documents sealed, between 1st October 1996 and 20th December 1996.

97/9 **ACQUISITIONS, DIVESTMENTS**

Mr Todd mentioned discussions concerning possible divestment of all or part of ICL's remaining interests in South Africa. He was asking those putting together plans for a management buy-out to make an offer fairly soon, or ICL would withdraw from discussions. Mr Gardener said he believed conditions in South Africa were improving and there were continued opportunities for ICL there. Mr Todd said that Mr Gardener's contacts would be followed up. Sir Peter said that this must rank fairly low on ICL's priorities at this time.

97/10 **LARGE BIDS/CONTRACTS**

GRO

97/11 **DATES OF NEXT MEETINGS**

GRO

Friday, 16 May 1997
Wednesday, 23 July 1997
Friday, 21 November 1997

16. May 1997