

Dear colleague,

I am pleased to send you the Post Office® Branch Standards booklet. This is a summary of some of the instructions we have sent you in the past, which are set out in operational instructions such as Operational Focus.

Branch standards themselves are therefore not new, and they cover the things the majority of branch teams do successfully every day. The booklet summarises many of them and we hope it will be useful in helping you ensure:

- You provide a great customer service
- Your branch is secure
- You sell products compliantly
- Your cash is managed correctly
- You are controlling costs and reducing losses

Although it is not a substitute or a replacement for the more detailed operational instructions you already have, we hope the booklet will help you see more easily where you may need to make changes to ensure you are running your branch efficiently and compliantly.

Applying branch standards consistently across the network will reduce the risk of regulator fines and customer complaints. It will also help reduce our costs, as non-compliance with some branch standards can result in a direct cost to Post Office. Given the competitive environment we operate in we have to keep these costs to an absolute minimum.

As you will see, one of the branch standards deals with anti money laundering procedures. In June last year we told you about our decision to stop remunerating non compliant bureau de change transactions. We are now introducing further measures to reflect some of the costs of non-conformance with some of the other branch standards included in the booklet.

Starting in June 2010, we will pass on to you the cost of any visits to your branch to ensure that compliance training has been completed. We will also pass on the cost of any further training if you are not carrying out your overnight cash or ATM declarations properly, including the cost of visiting your branch to deliver the training. We will also pass on to you the charges we have to pay for missing motor vehicle licence (MVL) discs. The details of how these measures could affect you are shown in the 'Conformance with branch standards' booklet included with this letter.

I expect the instances where we will need to pass on these costs, or charge for missing MVL discs to be very few, and that most Franchisees will not be affected by this at all. The branch standards booklet should help you avoid any potential charges.

Getting all the branch standards right in your branch will help you run your Post Office business efficiently, professionally and securely. Please take the time to read the booklet and to share and discuss it with your teams.

Thank you for your continued support as we work together to create a more successful and sustainable Post Office network for the future.

The logo consists of the letters 'GRO' in a bold, black, sans-serif font. The letters are centered within a rectangular frame that has a dashed border. The background of the frame is white.

Lynn P Hobbs

General Manager, Network Support