

In Strictest Confidence

Post Office Ltd Executive Committee Minutes
13th July 2005
Room S33B, 1 Future Walk, Chesterfield

Present: David Mills (Chair), Ian Anderson, Peter Corbett, Ric Francis,
David Miller, Gordon Steele
 In attendance: Ann Adams, Charles Colquhoun, Sylvia Stewart, Kevin Seller
 Apologies: Graham Halliday
 Notes: Neil Owen (notes)

No.	Action	Owner	Timescale
1.	C/f Investigate the possibility of paying Directly Managed Branch staff £10 per sale instead of employing field sales agents in branches.	David Miller	Next EC
2.	Each EC member would discuss their HYS results with Ian Anderson.	All	Next EC
3.	Investigate how a £25 bonus for the front line could be deployed.	David Miller	Next EC
4.	Consider whether Patrick Waldron should join the Post Office Ltd Executive Committee as an observer at a future Direct Reports meeting.	David Mills (All EC)	Direct Reports
5.	Investigate/produce a list of the key people to meet at Royal Mail Letters. Discuss at a future Direct Reports.	David Miller	18.07.05
6.	Measure each product against the customer proposition, and determine which products could be fixed or disposed of.	Gordon Steele Ric Francis	Next EC
7.	Contact John Neill.	Gordon Steele	End July
8.	Compose a suitable letter to Adam Crozier to outline Post Office Ltd's key priorities, having first discussed with Mike Hodgkinson.	Gordon Steele	20.07.05
9.	Meet John Neill to discuss operational people processes / empowering front line to make decisions.	David Mills	Next EC
10.	Investigate the problems obtaining the new E1-11 forms and plastic bags for passports.	Gordon Steele David Miller	Next EC
11.	Investigate whether any improvements needed to be made at Swindon (in relation to above action).	Ric Francis	Next EC
12.	Report back at Direct Reports each week one activity which had been ceased. ('Project SIN').	All EC	EC / Directs
13.	Arrange for a further round of stakeholder events to take place.	David Miller	Next EC
14.	Consider a suitably senior person within Post Office Ltd to lead the relationship with Royal Mail packets and send their suggestions to Ian Anderson.	All EC	End July

In Strictest Confidence

15.	Gordon Steele would ensure he obtained the report outlining Royal Mail's product changes.	Gordon Steele	End July
16.	Ensure that the suggestions for radical change made at the social evening were documented and provided to Ian Anderson for possible discussion at the next Direct Reports meeting.	Neil Owen Ian Anderson	18.07.05
17.	Discuss the incremental marketing spend with Allan Leighton (in relation to the strategic plan).	Peter Corbett	End July
18.	Circulate the strategic plan to all EC members for comment, and then forward to Mike Hodgkinson and Allan Leighton.	Peter Corbett	End July
19.	Write to Christina McComb to inform her that the strategic plan was proceeding on the assumption that the Social Network Payment would cease after 2008 because of the likely difficulty securing approval at the European level.	Peter Corbett	End July
20.	Investigate the percentage of the urban and rural population that would remain within a reasonable distance to a Post Office given the potential reduction in network size.	Peter Corbett	End July
21.	Inform Peter Corbett of the additional information required to help firm-up his planning assumptions.	Gordon Steele	End July
22.	Consider the most effective means to communicate the changes to the Directly Managed Branches.	David Miller Byron Roberts	Next EC
23.	Investigate whether instructions for the sale of financial services products could be tailored to the number of counters/positions at a Post Office. Consideration could be given to targeting a certain number of branch 'tranches'.	David Miller	Next EC

Action	Notes
	<p><u>1. Minutes of Previous Meeting</u></p> <p>The minutes of the last Executive Committee meeting (23/3/05) were <u>approved</u>.</p>
	<p><u>2. Status Report</u></p> <p>The EC <u>noted</u> the following matters in relations to the actions:</p> <p>AP 5 – The requirement to forward non-sales issues to Lynn Hobbs' team has been communicated and is now part of Business As Usual activity.</p> <p>AP 8 – Initial discussions with the OFT had suggested a positive outcome.</p> <p>AP 10– Kevin Gilliland would discuss refreshing the stands at the NFSP.</p>

In Strictest Confidence

	<p>exhibition with Colin Baker (DWM)</p> <p>AP 8 – Refurbishment of Ilford DMB: David Miller reported he was taking a close interest in this to ensure it is treated as a priority and happens quickly.</p> <p>AP 9 – Definitions and expectations set out in Brands Business plan: Gordon Steele reported that a paper was circulated to EC members on 16/5/05 and he will update at the next EC meeting (July) with regard to suppliers.</p> <p>AP 28: This has become part of Business as Usual activity</p> <p>Actions were assessed as completed (or absorbed into BAU), except the following which were carried forward:</p> <p>AP 12: Investigate the offices that are consistently recording low Have Your Say scores.</p> <p>AP 17: The specific reasons of bullying and stress caused by the sales culture were the key reasons for offices recording consistently low HYS scores. Action: Each EC member would discuss their HYS results with Ian Anderson.</p> <p>AP 23: Investigate the possibility of paying Directly Managed Branch staff £10 per sale instead of employing field sales agents in branches.</p> <p>An additional Action was identified: Action: David Miller would investigate how a £25 bonus could be deployed in 4 different ways.</p> <p>The Executive Committee <u>noted</u> all other status report actions as complete.</p>
	<p><u>3. Chief Executive's Business</u></p> <p><u>Employer's Forum for Disability:</u> An away-day had taken place during which EFD strategy for the next 5 years was considered.</p> <p><u>Baroness Prosser:</u> A meeting had taken place with Baroness Prosser, who was extremely well connected and would clearly be a significant figure on the Royal Mail Holdings plc Board.</p> <p><u>Shareholder Executive:</u> Confidentiality meeting with Christina McComb and Ruth Hannant. A legally binding confidentiality agreement had been requested, relating to the significant quantity of commercially sensitive information that the Shareholder Executive had asked Post Office Ltd to provide, but this request had been denied. DJM had expressed concern regarding continuity upon Ruth's departure to John Cowdock. A need existed to keep a close eye on developments to ensure that the necessary funding arrangements progressed as planned.</p> <p><u>Bangor Call Centre:</u> A serious gross misconduct issue had taken place which had resulted in the arrest of a member of staff.</p>

In Strictest Confidence

Counterfeit Saving Stamps: A police investigation had revealed that £26 million of counterfeit saving stamps had been printed. If these hit the market, POL is ready to withdraw the product.

Death of Colleague: David Mills reported the death of Shanu Parathasangary in the London bombing incident on 7th July 2005 during her travel to work. Support was being provided for the family.

Visit to Moorgate and Barking: The visits to Moorgate and Barking Post Offices had gone well. David Mills encouraged EC members to visit Moorgate, which was a particularly good example of a 6 position counter with a successful retail operation.

Vitalise: David Mills had been appointed vice-president of Vitalise – a charity which provided holidays for the disabled with a sporting theme. Other members of Vitalise included Dame Judy Dench and Esther Rantzen.

POFS: It was suggested that the POFS top team be brought into Post Office Ltd's 'Inspire' leadership course. It was also suggested that Partick Waldron join the Post Office Ltd Executive Committee as an observer.

Action: DJM agreed to take to direct reports at a later date.

Quarterly Leadership Meeting: Some feedback had been received, although typed notes had not yet followed. The Post Office EC would need to arrange a meeting with Royal Mail Letters.

Action: David Miller would investigate the key people to meet for discussion at Direct Reports on 18.07.05.

Defect-Free Products: A need existed to ensure Post Office Ltd's products were defect-free. Gordon Steele commented that this was made very challenging by the exceptions.

Action: Gordon Steele and Ric Francis would measure each product against the customer proposition, and determine which products could be fixed or disposed of.

Action: Gordon Steele would contact John Neill at Vodaphone.

Post Office Ltd Priorities: The EC expressed concern that senior managers within Royal Mail Group failed to understand Post Office Ltd's priorities.

Action: Gordon Steele would compose a suitable letter to Adam Crozier to outline these priorities, having first discussed with Mike Hodgkinson.

Operational People Process: Ann Adams reported that John Neill had observed that the Operational People process was managed as 'top down' managers, rather than 'bottom up'. A need existed to empower people at the front line to develop and implement solutions to problems.

Action: David Mills would meet John Neill to discuss.

Colleague Communications Forum: The staff meeting held on 12.07.05 had gone well. Dawn ??? had conducted a business analysis which had concluded that the Impact Reference Data System. The Configuration Management Database contained all the required information.

Post Office Newspaper: Anecdotal feedback received from the front-line had suggested there would be support for a Post Office Newspaper. Gordon Steele

In Strictest Confidence

	<p><u>reported</u> that a trial had already been undertaken, and that this opportunity had been discounted.</p> <p><u>Swindon Stores:</u> The front line continued to report issues in obtaining E1-11 forms and plastic bags for passports. Action: Dave Miller and Gordon Steele would investigate these problems. Action: Ric Francis would investigate the link with Swindon.</p> <p><u>Project SIN (Stop It Now):</u> David Mills reported his concern that too many non-value added activities were still taking place. Action: All EC members would report back at Direct Reports each week one activity which they had ceased.</p> <p><u>Recruitment:</u> David Mills reported his concern that the recruitment process was too protracted. The IT function contained many contractors, and a risk existed that the business was failing to develop its own IT staff sufficiently.</p> <p><u>Travel:</u> David Mill and Ian Anderson had reviewed the revised travel budget of each director, and expressed their satisfaction that costs had been sufficiently reduced.</p> <p><u>Stakeholder Events:</u> The EC considered whether there was enough news to communicate to warrant another round of stakeholder events. In view of the importance of ensuring stakeholders were kept up to date with developments, the EC <u>agreed</u> that a further round of stakeholder events would take place. Action: Dave Miller to arrange for a further round of stakeholder events to take place.</p> <p><u>Strategic Away Day:</u> David Mills reported that Royal Mail had decided to refresh all of its product lines. Gordon Steele commented that he did not see any IT implications concerning the re-branding. Royal Mail would shortly introduce a new 'packets' business stream. A senior manager from Post Office Ltd would be required to interface with the new director. Action: Gordon Steele would ensure he obtained the report outlining Royal Mail's product changes. Action: EC members would consider a suitably senior person within Post Office Ltd to lead the relationship with Royal Mail packets and send their suggestions to Ian Anderson.</p> <p><u>Suggestions for Change in Post Office Ltd:</u> At the social event on 12.07.05, a discussion had taken place to determine what areas could be dramatically changed. Action: Neil Owen would ensure these suggestions were documented and provided to Ian Anderson for possible discussion at the next Direct Reports meeting.</p>
	<p><u>4. Exceptional Business Items</u></p> <p>Report Back on Strategy Away-Day</p> <p>David Mills circulated the contents of a letter to Michael Mire which outlined Post Office Ltd's proposed approach to execute the direction endorsed by the Royal Mail Holdings Board at the strategic offsite meeting.</p>

In Strictest Confidence

	<p>The EC <u>noted</u> that:</p> <ul style="list-style-type: none"> (i) the support of McKinsey had been agreed in the interim period until Post Office Ltd had identified and made available the person to lead the change programme on a long-term basis; (ii) the change manager would need to be an integral part of the EC thereby facilitating parts of the programme, as they are completed, into Business as Usual; (iii) the position would be filled by executive search, and Ann Peach would headhunt for the position; (iv) the new position would be a direct report to David Mills. It would be a General Manager role and would initially sit on the Executive Committee, but not the Board; (v) the first priority would be to structure the programme to align to the existing range of activities. The finance roadmap and balance sheet restructuring would be led by Peter Corbett, Rural Strategy lead by Sue Huggins, Directly Managed Branch programme lead by Byron Roberts, CLS re-structuring lead by Ruth Holleran and the DTI request on zero based and commercial network lead by Ann Adams. Ann Adams' contract had now been renewed for a further year; (vi) The project to finalise and develop the workstreams would be called 'Project Rainbow', for which a draft terms of reference would be produced; (vii) Sylvia Stewart reminded the EC that not only was the timing important, additional money would be required to execute the project. This needed to be considered against the solvency position of the company; (viii) David Miller reminded the EC that RMG also had significant additional priorities, such as the automation initiative; (ix) Peter Corbett explained that it would be important to move from the 'What and the how' phase to the 'planning and execution' phase very quickly. Objectives would be required that were aligned to the programme; (x) Charles Colquhoun explained that it would be crucial for the future of the company that the Road Map was followed, despite the potential difficulties involved in securing an agreement from the Shareholder Executive. Peter Corbett added that if approval failed and money was not made available, the situation would change completely and require reassessment.
	<p>Strategic Plan</p> <p>Peter Corbett provided a presentation on the Strategic Plan.</p> <p>The EC <u>noted</u> the presentation, and the following areas were highlighted during the discussion:</p> <ul style="list-style-type: none"> (i) the key parts of the plan were <ul style="list-style-type: none"> • The restructure necessary for a commercial business • The need to reduce infrastructure costs • The need to hit income targets (ii) by 17th August the Post Office Ltd Board would need to approve a draft plan, for onward presentation to the Royal Mail Holdings Board on 6th September. The timetable was deliberately short, and a need existed to

*

{

}

Board

In Strictest Confidence

	<ul style="list-style-type: none"> (i) <u>Cash Credits</u>: The DWP will be sent a letter from Post Office Ltd solicitors regarding DWP's withholding of Cash Credits at account opening. The amount involved totalled £630,000, and legal action may result to recover the monies; (ii) <u>Leaflets</u>: A letter had been sent to the DWP accusing them of issuing libellous leaflets. Although some allegations that had been made were true, others were not. The explanation that the training book had been misinterpreted was unacceptable; (iii) <u>LINK</u>: HBOS had again refused to negotiate, although dialogue may re-open; (iv) <u>ATMs</u>: The target was for a September pilot followed by roll out in October and PR activity would commence shortly; (v) <u>NS&I</u>: Sales had improved as a result of the recent campaign; (vi) <u>Instant Access</u>: A proposition would be put forward to the EC at Direct Reports on 18th July 2005, before going to the Royal Mail Holdings board. <p>Human Resources</p> <p>Ian Anderson reported the following matters:</p> <ul style="list-style-type: none"> (i) <u>Sales Recognition</u>: A list of those recognised for sales was circulated to the EC. (ii) <u>Senior Managers Pay</u>: David Mills had agreed Post Office Ltd's preferred approach with Allan Leighton. Action: David Miller would also be consulted before this went ahead. <i>incentives</i> (iii) <u>Christmas Eve</u>: Local initiatives would be encouraged concerning how to staff up during this period. Byron Roberts and Ian Anderson would re-engage with Andy Furey shortly. (iv) <u>EC Bonuses</u>: A meeting had taken place with David Fish who indicated he was content for these to be linked to sales, but wanted the link to additional products. The EC agreed that the proposition would be refined to include Instant Access, GEB (high earner), HomePhone®, and 2 new launch products. (v) <u>Death of Colleague</u>: The family of the colleague who had died in the recent London Bombings was being provided with an appropriately high level of support. The EC <u>agreed</u> that a director would attend the funeral if this was in accordance with the family's wishes. A donation of £50,000 would be recommended to the Charity set up to assist the victims.
	<p>Any Other Business</p> <p>None at this time.</p>
	<p>Date of next Executive Committee meeting: 14th September 2005.</p>

In Strictest Confidence

services in the agency network;

- key product areas for agents comprised of : Mails 36%, Banking 19%, and Bill Payments 12% - totally 67% between them.

Action: David Miller would investigate whether instructions for the sale of financial services products could be tailored to the number of counters positions at a Post Office. Consideration could be given to targeting a certain number of branch 'tranches'.

- (ii) BT Slamming Allegations: BT had provided 12 examples of letters of complaint regarding slamming allegations for the HomePhone® product. However, the complaints seemed rather marginal. The EC agreed that further examples would be requested, and a briefing would be provided for the Public Relations team.

Marketing and Direct Sales

Gordon Steele reported the following matters:

- (i) Paystation: Centrica and Scottish & Southern had both expressed great interest in Paystation, but TFL remained opposed to the idea;
- (ii) HomePhone®: 130,000 people had now signed up. The product would be made even more competitive by dropping the price of line rental;
- (iii) Royal Mail Letters Board: The first meeting that Gordon Steele would attend would take place in 2 weeks;
- (iv) ISA: 1000 branches would be involved in a pilot for the Christmas period;
- (v) ID Card: A great deal of lobbying was taking place to help secure the ID Card deal.
- (vi) Credit Card: Preparations were underway for the launch of the credit card. Compliance had flagged up that they would like to see the TV advertising run for 40 seconds rather than 30 seconds to ensure all the necessary small print was viewable for enough time;
- (vii) POFS Awayday: This had gone well. Agreed changes included:
 - Opening up Post Office Ltd's promotional calendar and product development programme;
 - More consultation generally;
 - Governance changes – including fully empowering representatives of Post Office Ltd at meetings involving key decisions.
- (viii) Suspensions: 2 members of staff had been suspended in Crispin Beale's team following a misconduct issue.

Operations Report

Ric Francis reported the following matter:

- (i) Retail-side Funding: A trial would take place concerning the retail-side funding of a Post Office® branch. A dialogue has taken place with North East Co-op who have asserted that they are already doing this;
- (ii) Service Specification: Swansea;
- (iii) Dartford and Leeds Cash Centres: No industrial relations problems were anticipated regarding these closures;

Banking & Financial Services

Kevin Seller reported the following matters on behalf of Graham Halliday.

In Strictest Confidence

	<p>service;</p> <p>(v) The Post Office Ltd Board would be presented with the costed options on 17th October 2005.</p> <p>The EC further <u>agreed</u> that David Mills would discuss the matter with Christina McComb before any final decision regarding the future of the Fujitsu relationship was made;</p>
	<p>Corporate Social Responsibility</p> <p>Ian Anderson circulated a paper on Corporate Social Responsibility to the EC. Graham Halliday had taken a particular interest in this area after listening to the position of the banks at the Princes Trust.</p> <p>The EC <u>agreed</u> that they would each provide feedback on the paper by 25th July 2005.</p>
	<p>Entering the Gift Voucher Market / ID Verification Contract with Veri-fy</p> <p>The EC <u>noted</u> the papers.</p>
	<p>Functional Reports</p> <p>Finance</p> <p>Peter Corbett reported the following matters</p> <p>(i) <u>Mails Contract</u>: Details of the cap and collar to protect against the downside had not yet been provided. The outstanding issues included:</p> <ul style="list-style-type: none"> • RPI Price Increases – information regarding where the efficiencies should be targeted had not yet been provided; • Local Collect Pricing; • Local Products – Rate Card information. <p>(ii) <u>Safenet Costs</u>: During the Mails contract negotiation, the Safenet costs had been requested. The EC agreed that an equal and opposite agreement would be sought with Royal Mail Group.</p> <p>Sales and Service</p> <p>Dave Miller reported the following matters:-</p> <p>(i) <u>Financial Services Agents Remuneration</u>: A short paper was circulated and the following matters were brought to the EC's attention:</p> <ul style="list-style-type: none"> • income from financial services is material in 2009/10 (20%); • agents pay for financial services was only 2.5% - 5% of total pay in 2009/10, and this was similar to other segments; • Directly Managed Branch sales were the only material channel. There did not appear to be enough traction for sales of financial

In Strictest Confidence

	<p>Horizon Negotiation and IT Futures</p> <p>Ric Francis introduced Dave Smith to the Board who provide a presentation on the Future of Horizon.</p> <p>The EC <u>noted</u> that:</p> <ul style="list-style-type: none"> (i) Horizon needed to change because it was currently too expensive and Network strategies required IT costs to be reduced by 30% by 2008; (ii) Horizon would deteriorate over time with increased costs and degraded service. This could be offset by equipment replacement, which would cost £40m - £80m; (iii) Horizon was currently expensive, slow and could not support the business ambition for change and cost reduction; (iv) the design made changes difficult and prohibitively expensive; (v) current costs were projected to steadily increase from just under £100m to £145m by 2016. The business plan would require a dramatic fall in costs by 2009 to around £70m; (vi) Gartners had been engaged to benchmark the services that Fujitsu currently provided. The components of the contract had been decomposed, and the conclusion was that a 30% cost reduction would be achievable; (vii) the requirements of the business had been discussed with Fujitsu, and although they had offered a £12m reduction, it had failed to satisfy either the business plan requirements or the more stringent 'strive' requirement set by Ric Francis. The initial outlay would also be more expensive; (viii) Given the failure of the offer to contribute to the decreasing cost base and the insufficient variability, an alternative way forward could be offered: <ul style="list-style-type: none"> • Disaggregation of Network (£133m) • Field Engineering (£109m) • Branch equipment costs (£36m) (ix) This had to be considered against the costs for early termination of the contract which would initially be steep (£78m in 2007). (x) Costs could therefore be reduced by a combination of further disaggregation, a cost reduction against the performance of the client, network segmentation, simplifying product processes, and PFI style contracts. However, each of these options would result in increased business risk. <p>The EC <u>agreed</u> that:</p> <ul style="list-style-type: none"> (i) an increase in Business Risk was acceptable, but only if it was properly planned and managed by Post Office Ltd (rather than Royal Mail Group); (ii) the proposal would potentially provide a long term solution; (iii) EC approval would be required for each proposal for change that carried with it an increased risk. This would be especially true for banking; (iv) a good communication plan would be required to explain any changes to subpostmasters, who may perceive it as mere deterioration of

In Strictest Confidence

	<p>The EC <u>agreed</u> the following actions:</p> <ul style="list-style-type: none"> (i) Action: Peter Corbett would discuss the incremental marketing spend with Allan Leighton. (ii) Action: Peter Corbett would circulate the plan to all EC members for comment, and then forward to Mike Hodgkinson and Allan Leighton. (iii) Action: Peter Corbett would write to Christina McComb to inform her that the strategic plan was proceeding on the assumption that the Social Network Payment would cease after 2008 because of the likely difficulties securing approval at the European level. (iv) Action: Peter Corbett would investigate the percentage of the population that would remain within a reasonable distance to a Post Office given the potential reduction in network size. (v) Action: Gordon Steele would inform Peter Corbett of the additional information he required to help firm up his planning assumptions (vi) Action: David Miller and Byron Roberts would consider the most effective means to communicate the changes to the Directly Managed Branches. In particular, the risk existed that the Social Network Payment could be fragmented (eg: between the Regional Assemblies or DEFRA).
	<p>Solvency</p> <p>Peter Corbett circulated a presentation and highlighted the following information.</p> <ul style="list-style-type: none"> (i) profit and cashflow continued to be in line with budget; (ii) the 'Route Map Process' proceeded in line with the agreed timetable subject to the concerns expressed regarding changes to key Shareholder Executive contacts. (iii) profit and cash performance were on track, and were not currently a matter for concern; (iv) should any communication be received from Government indicating a deviation from the 'route map process', and Executive Committee would be informed immediately and a Board meeting may need to be convened at short notice.
	<p>Presentation to the Shareholder Executive</p> <p>Peter Corbett circulated the draft Shareholder Executive presentation to the EC.</p> <p>The EC <u>noted</u> that:</p> <ul style="list-style-type: none"> (i) the shareholder Executive communication was essentially a shortened version of the Strategic Plan; (ii) the intention would be to essentially provide an update on the current position.

In Strictest Confidence

	move from planning to execution very quickly. Historically, the business had not been good at this. For example, Network Reinvention had taken 3 years of planning, and 2 years of execution;
(iii)	the Route Map Process was key. By 30 th September, the business would have to deliver a business case. The fall back position would be driven by the statutory accounts for the following year;
(iv)	the assumptions regarding the income target included staff being reduced and the number of agents increased, in addition to a restructuring of agents' pay. Cash distribution would be determined by the requirements of the agents;
(v)	the total transformation costs amounted to £1.5billion, although Royal Mail Holdings had indicated a view that some of the costs would either <ul style="list-style-type: none"> • fall in other areas; • be self-funding; • be phased in.
(vi)	although all this money would not be required up front, a borrowing facility would be required. There would be a potentially very significant impact on headcount;
(vii)	Peter Corbett explained that the working capital requirement could be reduced by reductions in: <ul style="list-style-type: none"> • network cash; • outsourcing cash contribution; • sustaining creditor balances (rather than debtor balances) – although this would be very challenging given these were mainly with Alliance & Leicester;
(viii)	the return on shareholders' funds was estimated at 12% on £1.5billion gross and 30% on £0.6billion net. Alternative sources of funding included Debt/Equity injection, asset sales, network cash, and sustainability of creditor balances;
(ix)	in order to realise the value of FRTS, a long term contract may be required. However, although asset sales would help, they would not in themselves provide a solution;
(x)	the key deliverables of the plan would be to <ul style="list-style-type: none"> • reduce network size; • take support costs out pro-rata; • restructure agents contracts; • grow/sustain income; • funding; • people; • stakeholder management.
(xi)	a network size beyond 7000-8000 could only be supported if the full amount was paid for the branch and the required support. This could not be provided on a marginal basis. Rural offices could only be run on a fully costed basis;
(xii)	The potential size of the network would be of key importance in determining the future shape of Fujitsu contract;
(xiii)	22% of Post Office Ltd's income was derived from mails business, but much of this was low value. Gordon Steele commented that growing the mails business way not necessarily in Post Office Ltd's interest, although it may be in RMG's best interest;
(xiv)	It would be important for a stakeholder management plan to be produced soon. What was communicated to the Shareholder Executive was of great importance.