

ROYAL MAIL HOLDINGS plc
(Company no. 4074919)
Minutes of the meeting of the Board of Directors
held at 148 Old Street, London, on 11 September 2008

Present:

Richard Handover	Non-Executive Director (Chairman of meeting)
Allan Leighton	Chairman (by telephone, for RMH08/114-126)
Andrew Carr-Locke	Non-Executive Director
Alan Cook	Managing Director, Post Office Ltd
Adam Crozier	Group Chief Executive (by telephone, for RMH08/114-119)
Ian Duncan	Group Finance Director
David Fish	Non-Executive Director
Mark Higson	Managing Director, Royal Mail Letters
Baroness Prosser	Non-Executive Director
Helen Weir	Non-Executive Director

In attendance:

Jonathan Evans	Company Secretary
----------------	-------------------

Also present:

Rico Back	Chief Executive, GLS
Martin Gafsen	Group Property Director, for RMH08/119
Ray Huntzinger	Managing Director, iRed, for RMH08/123
David Belton	Project Manager, iRed, for RMH08/123

RMH08/114

CHAIR OF MEETING

- (a) The Board agreed that as Allan Leighton was unavoidably unable to be present at the meeting, Richard Handover should take the chair.

RMH08/115

DIRECTORS

- (a) The Board noted that Andrew Carr-Locke had been appointed as a director of the Company with effect from 1 September 2008, and welcomed him to his first meeting;

[Information removed]

RMH08/116

FINANCE DIRECTOR'S REPORT – RMH(08)70

- (a) *The Board noted Ian Duncan's report on performance in period 4 of 2008/09, and his presentation of the flash results for period 5;*

[Information removed]

RMH08/117

**DRAFT LETTERS BUSINESS STRATEGIC PLAN –
RMH(08)75**

[Information removed]

RMH08/118

INDEPENDENT REVIEW OF THE POSTAL SECTOR

- (a) Adam Crozier updated the Board on the Review. [Information removed]

RMH08/119

STRATEGIC REVIEW OF THE ADMINISTRATIVE ESTATE (PROJECT NOBLE) – RMH(08)72

- (a) The Board noted Adam Crozier's paper, and Martin Gafsen's accompanying presentation;
- (b) *the administrative estate had suffered from a lack of investment over many years, and more recent organisational changes had resulted in poor space utilisation;*
- (c) *a strategy had been developed with the aim of providing single site accommodation for each of POL HQ and Group HQ, enabling better ways of working, improved communications and facilitating cultural change. Improved space utilisation would be targeted by optimising the accommodation footprint through consolidation, relocation and external letting of spare capacity, with flexibility to respond easily to future changes and to allow value realisation at the appropriate time. The overall objective would be to minimise additional costs against a 'Stay Where We Are' option (which itself assumed a level of refurbishment cost given the poor state of the current office premises;*
- (d) *the main elements of the proposal were to vacate 80 and 130 Old Street, to refurbish 148 Old Street to form a new head office for POL and to contain RM Wholesale and iRed, and to acquire a new building for Group head office. Consolidation would also take place in Chesterfield and Milton Keynes;*

[Information removed]

RMH08/120

MINUTES OF PREVIOUS MEETING RMH(08)7TH

- (a) The Board approved the minutes of the meeting held on 8 July 2008.

RMH08/121

MATTERS ARISING – RMH(08)69

- (a) The Board noted the status report;

[Information removed]

ACTION
Mark Higson

- (d) *RML revenue (RMH08/104(e)): the Board supported the proposed approach to Christmas 2008, and requested Mark Higson to report to the November board on the Letters business' readiness for Christmas;*

[Information removed]

RMH08/122

OTHER MINUTES

- (a) The Board noted the minutes of the meetings of:
- the Group Executive Team on 17 July 2008
 - Pensions Sub-Committee on 7 August 2008
 - Post Office Ltd Board on 21 July 2008.

RMH08/123

iRED PARTNERSHIP

- (a) Ray Huntzinger gave a presentation to explain to the Board iRed's customer offer, its potential attractiveness to businesses, and its significance to Royal Mail;
- (b) [Information removed]
- (c) the Board thanked Ray Huntzinger for his presentation, and looked forward to seeing reports of revenue growth in the near future.

RMH08/124

CHAIRMAN'S BUSINESS

- (a) The Chairman reported that the Government was beginning the process to find a successor for him when he stands down from the Board in March 2009. An advertisement for the Chairman position was due to appear in *The Sunday Times* on 21 September.

RMH08/125

REPORTS FROM CHAIRS OF BOARD COMMITTEES

- (a) Nomination Committee [Information removed]
- (c) Remuneration Committee: [Information removed]
- (d) Audit and Risk Committee [Information removed]

ACTION
Ian Duncan

- (e) *David Fish recommended that the Committee commissioned some activity to test the responsiveness and resilience of the Company against its major risks. Ian Duncan undertook to follow up this suggestion and report back to the Audit and Risk Committee;*

[Information removed]

RMH08/126

EXECUTIVE REPORTS

- (a) The Board noted the reports;
- [Information removed]

- (c) 1st class quality of service in period 5 had exceeded the target, with performance at 93.5%;
[Information removed]

RMH08/127

CAMELOT CONTRACT RENEWAL – RMH(08)71

- (a) *The Board noted Alan Cook's paper, and agreed to the signing of a new contract with Camelot for the sale of lottery tickets and issuing prize payments, on the terms set out in the paper.*

RMH08/128

CORPORATE FINANCE REPORT: QUARTER 1 – RMH(08)73

- (a) The Board noted the paper.

RMH08/129

REGULATION REPORT – RMH(08)74

- (a) The Board noted the paper.

RMH08/130

COMPANY SECRETARY'S REPORT – RMH(08)76

- (a) The Board noted the report.

RMH08/131

OTHER BUSINESS

- (a) Committee membership: Richard Handover referred to the need to review the membership of the Board's committees in the light of NED changes. The Board noted that:

- David Fish would cease to be Chairman of the Remuneration Committee and member of the Nomination Committee on 30 September 2008;

agreed that:

- Andrew Carr-Locke would become a member of the Audit and Risk Committee with effect from 1 September 2008;

and further agreed, as temporary measures pending a review of committee membership on the appointment of new non-executive directors, that:

- Richard Handover would chair the Remuneration Committee;
- Margaret Prosser would chair the Nomination Committee;
- Andrew Carr-Locke would join Richard Handover and Margaret Prosser as a member of the Remuneration and Nomination Committees;
- these appointments would take effect on 1 October 2008.

RMH08/132

CLOSE

- (a) In the absence of any further business, the Chairman closed the meeting. The next scheduled meeting of the Board was on 8 October 2008, at 148 Old Street, London.

GET(08)8TH
GET08/86 - 99

ROYAL MAIL GROUP EXECUTIVE TEAM

Minutes of a meeting of the Group Executive Team held on

Tuesday 23 September 2008

Present: Adam Crozier – Chairman
Stephen Agar
Alan Cook
Robin Dargue
Ian Duncan
Jonathan Evans
Doug Evans
Mary Fagan
Mark Higson
Jon Millidge
Alex Smith
David Smith

In attendance: Andrew Poole, Deputy Company Secretary
Sue Whalley, Group Strategy & Regulation Director
Luisa Fulci, Head of Commercial Pricing for GET08/91
Derek Foster, Internal Audit & Risk Management Director, for
GET08/92
MARTIN GAFSEN, PROPERTY DIRECTOR FOR GET08/94

GET08/86 MINUTES

- (a) The Group Executive Team approved the minutes of the meeting held on the 17 July 2008;
- (b) the Group Executive Team noted the minutes of the Letters Executive Team dated 16 July 2008, the minutes of the Post Office Strategic Programme Board dated 28th July 2008 and 1st September, the minutes of the Parcelforce Worldwide Executive Team dated 25th July 2008, the minutes of the Wholesale Board dated 15th July 2008, the minutes of the Investment Committee dated 24th June 2008 and the minutes of the CSR Committee dated 2nd September 2008.

GET08/87 STATUS REPORT GET(08)48

The Group Executive Team noted the status of action points from the previous meetings. In particular;

- (a) GET08/63(d) Undeliverable items: a review had been completed by Letters Commercial;

- (b) GET08/77(c) Corporate risks: a standard induction programme had been introduced across the Group for the top 140 level employees.

GET08/88

EXECUTIVE REPORTS

The Group Executive Team noted the Period 5 performance reports and in particular the following matters:-

[Information removed]

- (c) *PFW: the demise of Amtrak towards the end of the month had presented Parcellforce with a number of major new customer opportunities.*

GET08/89

FINANCE DIRECTOR'S REPORT

GET(08)49

- (a) The Group Executive Team noted the Group Scorecard covering period 5;

[Information removed]

- (f) *Alan Cook agreed to further consider the implications for the Group of the current banking crisis and the appropriateness of the communications with POL Financial Service customers.*

GET08/90

AWAYDAY PROJECTS UPDATE

The GET noted that work was in hand to develop strategic plans for the three areas that had been identified at the away day i.e. Fulfilment, Retail and International.

GET08/91

LETTERS TARIFF STRATEGY

GET(08)50

- (a) *The GET noted a paper seeking endorsement from the Executive of the strategic direction for Tariff 2009 to be implemented on the 6th of April 2009;*

[Information removed]

GET08/92

GROUP RISK PROFILE - ROLLING REVIEW OF CORPORATE RISKS GET(08)51

- (a) To drive closer monitoring and control of key corporate risks, the GET reviewed a specific corporate risk at each of its monthly meetings. This months review included a presentation by action owners on potential root causes and consequences, and provided a summary of the key management actions being taken to address the selected risk;

[Information removed]

- (c) Derek Foster was asked to include on the Group Risk profile a reference to the on-going discussions relating to the potential risks to the business caused by the current banking crisis.

ACTION
Derek Foster
GET08/93

[Information removed]

- (c) Doug Evans reported that work was continuing on Information Management and that he would revert to the GET at a later date with an update on progress.

ACTION
Doug Evans

GET08/94

PROJECT NOBLE

- (a) the GET noted an update on project Noble. The aim was to agree the preliminary scope by the end of September. The project would be discussed again at the November Holdings Board.

ACTION
Ian Duncan
GET08/95

GOVERNMENT REVIEW

- (a) The GET noted an update on the Government Review.

GET08/96

REGULATION REPORT GET(08)52

- (a) The Group Executive Team noted the Regulation report.

GET08/97

UPDATE ON POSTWATCH GET(08)53

- (a) The Group Executive Team noted a paper providing the revised consumer representation structures for the postal industry that would come into effect on 1st October and explaining the readiness of Royal Mail Group for the changes together with a view on medium term implications of the change;
- (b) Royal Mail Group had put in place appropriate structures and activities to be ready for the dissolution of Postwatch and for the new arrangements for consumer representation and complaint handling that would be in place from 1st October;
- (c) the GET noted the position on the dissolution of Postwatch together with the future implications of the changes outlined in the paper.

GET08/98

PROGRESS AND UPDATE ON AGREED AUDIT ACTIONS GET(08)54

- (a) The Group Executive Team noted the actions due to be completed in August and a summary of the cumulative status of overdue agreed actions. The GET focused on the priority 1 agreed actions (agreed actions were categorised as priority 1 or 2 in IA&RM reports) and noted those agreed actions (for both priority 1 and 2) due to be completed by the end of September;

- (b) the Group Executive Team noted the content of the report and agreed to continue to pursue closure of overdue and upcoming agreed actions.

GET08/99

DATE OF NEXT MEETING

The next GET meeting would be held on 21st October 2008.

RMH(08)9TH
RMH08/133 - 150

ROYAL MAIL HOLDINGS plc
(Company no. 4074919)
Minutes of the meeting of the Board of Directors
held at 148 Old Street, London, on 8 October 2008

Present:

Allan Leighton	Chairman
Andrew Carr-Locke	Non-Executive Director
Alan Cook	Managing Director, Post Office Ltd
Adam Crozier	Group Chief Executive
Ian Duncan	Group Finance Director
Richard Handover	Non-Executive Director
Mark Higson	Managing Director, Royal Mail Letters
Baroness Prosser	Non-Executive Director
Helen Weir	Non-Executive Director (for RMH08/139-150)

In attendance:

Jonathan Evans	Company Secretary
----------------	-------------------

Also present:

Rico Back	Chief Executive, GLS
Brian Goggin	Group Chief Executive, Bank of Ireland, for RMH08/138
Des Crowley	Chief Executive UK Financial Services, Bank of Ireland, for RMH08/138
Martin Gafsen	Group Property Director, for RMH08/142
Jane Newell	Chair, Royal Mail Pensions Trustees Ltd, for RMH08/143
Gerry Degaute	Chief Executive, Royal Mail Pensions Trustees Ltd, for RMH08/143
Alex Smith	Commercial Director, Royal Mail Letters, for RMH08/144
Stephen Agar	Managing Director, Wholesale, for RMH08/144
Luisa Fulci	Director of Marketing Services, Royal Mail Letters, for RMH08/144
Frank Schinella	Finance Director, Royal Mail Letters, for RMH08/145

RMH08/133

MINUTES OF PREVIOUS MEETING – RMH(08)8TH

- (a) The Board approved the minutes of the meeting held on 11 September 2008.

RMH08/134

MATTERS ARISING – RMH(08)77

- (a) The Board noted the status report.

RMH08/135

OTHER MINUTES

- (a) The Board noted the minutes of the meetings of:
- the Group Executive Team on 17 July 2008
 - the Audit and Risk Committee on 3 September 2008.

RMH08/136

REPORTS OF CHAIRS OF BOARD COMMITTEES

[Information removed]

- (b) the search for a new Group HR director continued, and a short list was being compiled for Adam Crozier and the Committee to interview;

[Information removed]

RMH08/137

INDEPENDENT REVIEW OF THE POSTAL SECTOR

- (a) Adam Crozier updated the Board on the current state of the Review. [Information removed]

RMH08/138

BANK OF IRELAND – RMH(08)78

- (a) *Secretary's note: the minutes of this item have been recorded separately.*

RMH08/139

FINANCE DIRECTOR'S REPORT – RMH(08)79

- (a) The Board noted the report for period 5, and the flash results for period 6.

[Information removed]

RMH08/140

HALF-YEAR TRADING STATEMENT – RMH(08)80

- (a) The Board noted Ian Duncan's paper, which sought approval for the proposed process for approving the 2008-09 half year results;

- (b) the Board:

- noted the draft results as set out earlier in the Finance Director's report to the meeting;
- agreed the proposed process and timetable for approving the final results;
- delegated authority to the Board Accounts Sub Committee, comprising any three of Allan Leighton, Adam Crozier, Ian Duncan and Helen Weir, to approve the Ernst & Young engagement letter and to finalise, approve and publish the Trading Statement for 2008-09.

[Information removed]

RMH08/142

**PROJECT NOBLE: ADMINISTRATIVE OFFICES
STRATEGY – RMH(08)88**

- (a) The Board noted Adam Crozier's paper, which updated the

strategy agreed in principle at the September Board to a rationalisation of the administrative estate, to provide separate accommodation for each of the Group companies and Group head office, thereby facilitating their own individual ways of working. The paper sought agreement to a revised proposal that took into account the Board's views at the September meeting, and to acquiring space for a new Group head office in premises at 100 Victoria Embankment in London;

- (b) *Adam Crozier explained the analysis that had been carried out since the previous meeting. A further rigorous examination had been carried out of the numbers of head office personnel it was necessary to be located in the new building, and by using space in other buildings to house people who worked predominantly with business units, it had proved possible to reduce the required new floor space. This also considerably lowered the incremental cost of the project compared with the base option;*
- (c) *the Board accepted that the concerns raised at the previous meeting had all been addressed, and therefore:*
- *agreed the revised administrative office strategy set out in the paper*
 - *agreed the proposed move of the head office to 100 Victoria Embankment; and*
 - *[Information removed]*

RMH08/143

ROYAL MAIL PENSIONS PLAN ANNUAL REPORT 2007/08 – RMH(08)82

- (a) The Board noted the RMPP annual report from Jane Newell, and invited her and Gerry Degaute to make their presentation to the Board;

[Information removed]

RMH08/144

LETTER TARIFF STRATEGY – RMH(08)83, 83(a) and (b)

[Information removed]

RMH08/145

STRATEGIC PLAN REVIEW – RMH(08)84

- (a) *The Board noted the draft Letters business plan, submitted to Postcomm in September. Mark Higson presented to the Board the highlights of the plan, and explained the material differences between the plan and the Group strategic plan approved by the Board in April 2008. Ian Duncan also gave an overview presentation of updates of the strategic plans of the other business units and the Group as a whole;*

[Information removed]

RMH08/146

EXECUTIVE DIRECTORS' REPORTS

- (a) The Board noted the reports.
- RMH08/147** **TREASURY REPORT – RMH(08)85**
- (a) The Board noted the paper.
- RMH08/148** **REGULATION REPORT – RMH(08)86**
- (a) The Board noted the paper.
- RMH08/149** **COMPANY SECRETARY'S REPORT – RMH(08)87**
- (a) The Board noted the report.
- RMH08/150** **CLOSE**
- (a) In the absence of any further business, the Chairman closed the meeting. The next scheduled meeting of the Board was on 5 November 2008, at 148 Old Street, London.

GET(08)9TH
GET08/100 - 111

ROYAL MAIL GROUP EXECUTIVE TEAM

Minutes of a meeting of the Group Executive Team held on

Tuesday 21 October 2008

Present: Adam Crozier – Chairman
Stephen Agar
Alan Cook
Robin Dargue
Ian Duncan
Jonathan Evans
Doug Evans
Mary Fagan
Mark Higson
Jon Millidge
Alex Smith
David Smith

In attendance: Andrew Poole, Deputy Company Secretary
Sue Whalley, Group Strategy & Regulation Director
Mike Haskins, Hd of Service Development for GET 08/104
Derek Foster, Internal Audit & Risk Management Director, for
GET08/105.

GET08/100 MINUTES

- (a) The Group Executive Team approved the minutes of the meeting held on the 23 September 2008;
- (b) the Group Executive Team noted the minutes of the Letters Executive Team dated 17th September 2008, the minutes of the Parcelforce Worldwide Executive Team dated 28th August 2008, the minutes of the Wholesale Board dated 18th September 2008, the minutes of the Post Office Strategic Programme Board dated 15th September and the minutes of the Special Investment Committee dated 3rd September 2008.

GET08/101 STATUS REPORT GET (08)55

The Group Executive Team noted the status of action points from the previous meetings. In particular;

[Information removed]

GET08/102 EXECUTIVE REPORTS

The Group Executive Team noted the Period 6 performance reports and in particular the following matters:-

- (a) [Information removed]
- (b) *a major incident had occurred on the 26th September when an apprentice was involved in cutting a metal drum which had contained coolant with an oxy-acetylene torch when the drum exploded causing a localised fire and serious burn injuries to his hands, arms, legs and throat. After initial care he was transferred to East Grinstead Hospital to receive specialised treatment;*
- (c) Mark Higson reported that Norman Smith had been appointed as Letters Safety Director with effect from the 6th October 2008;

[Information removed]
- (g) *PFW: half year profit from operations (after overhead allocations) of £4.3m was £1.5m better than budget and £2.1m, 95%, ahead of last year. Despite difficult economic conditions PFW had continued to grow both income and profit at the half year;*
- (h) POL: 11 area plans had now been concluded and one further plan would be concluded during October;

[Information removed]
- (k) Role of Group Centre: a paper on the role of the Group Centre would be considered at the next Monday GET meeting;

[Information removed]

GET08/103

FINANCE DIRECTOR'S REPORT

GET(08)56

- (a) The Group Executive Team noted the Group Scorecard covering period 6;

[Information removed]

GET08/104

[Information removed]

GET08/105

GROUP RISK PROFILE - ROLLING REVIEW OF CORPORATE RISKS GET (08)58

[Information removed]

- (b) to drive closer monitoring and control of key corporate risks, the GET reviewed a specific corporate risk at each of its monthly meetings. This month's review included an update by action owners on potential root causes and consequences, and provided a summary of the key management actions being taken to address the selected risk. Mark Higson and Alan Cook confirmed that focus was being given to the top level KPI to ensure that the actions being taken on the ground were indeed delivering the desired results for the businesses;

[Information removed]

GET08/106

[Information removed]

GET08/107

GOVERNMENT REVIEW

- (a) The GET noted an update on the Government Review.

GET08/108

REGULATION REPORT GET(08)60

- (a) The Group Executive Team noted the Regulation report.

GET08/109

**PROGRESS AND UPDATE ON AGREED AUDIT ACTIONS
GET(08)61**

- (a) The Group Executive Team noted the actions due to be completed in September and a summary of the cumulative status of overdue agreed actions. The GET focused on the priority 1 agreed actions (agreed actions were categorised as priority 1 or 2 in IA&RM reports) and noted those agreed actions (for both priority 1 and 2) due to be completed by the end of September;
- (b) the Group Executive Team noted the content of the report and agreed to continue to pursue closure of overdue and upcoming agreed actions.

GET08/110

ANY OTHER BUSINESS

- (a) *Tariff 2009: the Tariff 2009 proposals would be presented to the Holdings Board in December 2008 for approval;*

**ACTION
Alex Smith**

- (b) *POCA: Alan Cook undertook to keep the GET advised of developments with the Post Office Card Account.*

**ACTION
Alan Cook
GET08/111**

DATE OF NEXT MEETING

The next GET meeting would be held on 25th November 2008.