

RESPONSE OF R C TOMKINSON

Mr Derek Higgs
Non-Executive Directors Review
Room 2142
1 Victoria Street
London SW1H 0ET

2 September 2002

Dear Mr Higgs

I am a non-executive Director of 4 Companies, two quoted, one of which I am Chairman and two unquoted again one of which I am Chairman. I am also Chairman of one Charitable Education Institution.

Prior to taking up the above positions I had been Finance Director of Electrocomponents for 12 years during which time it's market capitalisation grew from £300million to over£2billion primarily by internal growth.

In addition up until 31 December 2001 I had been a non-executive director of another quoted company for 14 years, which also grew very substantially, a significant proportion of which was also by internal growth.

I was recently nominated by the Investors Chronicle (10 may 2002) as one of the eight most respected non-executive Directors.

Martin Trees and Sarah Thrift from your office also recently interviewed me. I would like to make various comments in addition to and to amplify those made verbally.

1. The primary purpose of a non-executive director is to contribute to the growth and wealth creation of the company of which they are a Director.

This function is often forgotten by commentators.

2. Thereafter their prime role is to review the performance of the Board and the Company and the executive Directors, in particular the CEO. The review of the Company includes principally the financial and operating performance but must include a critical and cynical review of mergers and acquisitions.

3. They should take the lead when conflicts arise.

4. How they carry out these roles is dependant on the Directors character and ability. It is important that Directors are selected properly to enable them to contribute to the development of the Company.

5 They should be independent financially and independent minded and not beholden to the company in any way. Advisers should not be appointed to the Board.

6. It is important that the NED understands the workings of the company; it is up to the NED in conjunction with the management to obtain the information he requires to do his job and to take the time to do this.

7 The Corporate Governance role, although important, has recently been over emphasised by commentators.

8. The current risk reward ratio is out of balance with the reward being too low in most companies. It is often forgotten when comparing NED pay with executives that although the NED is compensated for his out of pocket expenses he carries all his other costs including in particular pension.

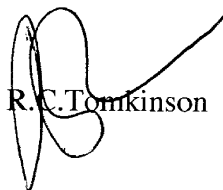
9. With regard to the number of appointments an NED should have. I answer based on my own practical experience. In the case of an executive of another company one significant appointment is probably the maximum to enable him to do his executive job without excessive distraction and indeed such a role would help his career development.

In the case of a retired executive 4 or 5 is probably the maximum; otherwise there is not enough spare time to deal with the crises that inevitably arise.

10. The pool of non-executives is currently limited to primarily executive Directors of quoted companies and retired executives. This could be expanded by including up and coming executives of major companies going on smaller company boards. Besides spreading the load this would give them good education. Another source is ladies who have retired from the City, Commerce or the professions after having children. There is an immense amount of untapped ability here.

In conclusion the country's wealth depends on the growth of its companies and everything must be done to promote the entrepreneurship that these need.

Yours Sincerely



R.C. Tomkinson