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29<sup>th</sup> June 2005

Dear Customer

### **PROPOSALS TO REDUCE ECGD'S OPERATING COSTS**

As you may be aware, ECGD has experienced a downturn in the volume of business it supports in recent years. As a result, we now need to align our costs and income more closely. It will be necessary for ECGD to become a smaller, more cost effective organisation. Moreover, this should also help to make it possible in time to finance the premium reductions of up to £5m announced by the Secretary of State last July.

I have today published to our staff proposals to reduce costs. These include a reduction in staff numbers, closing ECGD's main office in Cardiff and transferring its functions to London, rationalising the use of office space in our London headquarters, and bearing down on IT costs.

Following a period of consultation with staff and their Trades Unions, we expect to take decisions in August, to be followed by a programme of implementation through to March 2006.

If adopted, the proposals would lead to the movement of staff out of ECGD and for some of those who remain movement within ECGD. However, I want to reassure you that during this period everything possible will be done to minimise any disruption; our intention will be to continue to provide customers with the quality of service you expect from us.

Yours sincerely,

A handwritten signature in black ink that reads 'Patrick Crawford'. The signature is written in a cursive, slightly slanted style.

**PATRICK CRAWFORD**