

30 April 2007

Sir Christopher Hogg
Chairman
Financial Reporting Council
Aldwych House
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Dear Sir Christopher

Thank you for your letter of 18 April 2007 and the attachment. I think the overview is fair but from our experience, I would like to re-emphasise Item 2 on "Comply or Explain".

Our experience is that this is not working particularly well, as with most of the advisors to Investors the "box-ticking" mentality still prevails. It is most frustrating for companies to divert significant resources to "explain" only to find that this is ignored and the over-arching box ticking principle is applied without further dialogue. Recently, we introduced a new long term incentive plan within which we had specifically tailored a set of criteria that are critical to the successful delivery of our strategy. These parameters had been incorporated into the Key Performance measures and will be reported to Shareholders. However, a major advisor to Investors totally ignored the Company's explanation and recommended voting against the proposed plan, as our parameters did not meet their own internal guidelines. We have experienced other, but less extreme examples, in other areas of our reporting.

From this, I am forming the view that whilst "Comply or Explain" is an admirable and most desirable concept, the pressures on investors and the availability of resources within the investment community mean that it cannot work and we should all recognise this.

Yours sincerely



Bob Lawson
Chairman