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Sent: 29 May 2009 18:18

To: Chris Hodge

Subject: Corporate Governance Review

Two points for consideration:

Agency problem

1. To better align the interests of board members with investors it is proposed that from 2010 no shares may be awarded to board members unless such shares are awarded at a 75% discount and the members write a personal cheque for the 25% balance.

I would submit in evidence the fact that in November 1984 when BT was floated I personally applied (as a 33 year old employee) for more BT shares than the combination of all the executive and non-executive members. It was not a large number of shares (less than 100,000) but the board members were so pleased at having been gifted shares by the company that they saw no reason to put their hands in their own pockets. This fails to align interests.

Remuneration Competition

In preparing documentation for pay, bonus and other awards the ratio of maximum growth in total annual remuneration of key board members must be expressed against the average of the company's employees as well as against suitable external peer groupings.

Yours sincerely,

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