



JJG/EL/GEM

31 December 1993

Sir Adrian Cadbury
PRO-NED
1 Kingsway
London WC2B 6XF

Dear Sir Adrian

I feel it necessary to write to you personally, and inform you of the situation being experienced by non-executive directors in today's commercial climate.

I am a chartered accountant, who more recently in my career, and after many years in public practice, has moved across to commerce, and I am in fact the managing director of this small company, whose business is that of providing principally my services as a non-executive director to a range of companies.

I may thus be described as a professional non-executive director, and it is how I have earned my living these past four or five years.

The economic difficulties of the past few years have highlighted the difficulties experienced by companies, and where they have been forced into receivership or liquidation, the appropriate reports have been made to the Department of Trade and Industry by the liquidators or receivers concerned.

As a result, you will be aware that very many actions are being taken, or indeed contemplated against directors, and there has been no distinction whatsoever between executives and non-executives for this purpose.

The shadow director legislation is being invoked without full and proper enquiry.

I presume that I need not go on any longer, as you must be aware of the many situations, some perhaps fair, some unfair, that are probably being reported to you.

What is important, and I enclose two relevant newspaper articles, is that the whole situation is wildly out of balance, and I regret that whilst we are aware that there is no legal distinction between a director, this situation cannot be allowed to continue, or otherwise the experience and knowledge of non-executive directors, that you and PRO-NED have consistently put forward, will be entirely negated.

not included

Sir Adrian Cadbury

PRO-NED

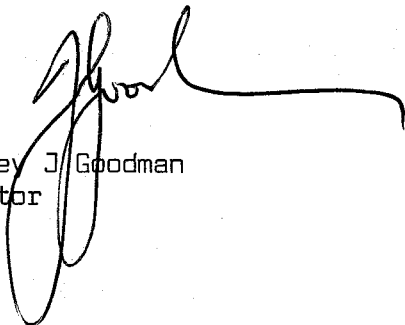
I am finding it necessary to consider resigning every one of my posts as I cannot continue to run the risks in which I am already involved.

In one company, public and quoted, the financial director and company secretary, despite being reminded and urged by the non-executives at board meetings, still failed to submit the audited accounts within the appropriate time limit. All of the directors have now been summoned to the Cardiff Magistrates Court on what is effectively a criminal charge. The position is becoming ludicrous, and as I also happen to be a Magistrate, it is acutely embarrassing, and I am certainly going to have to give up my appointments, or the magistracy, and the position is becoming intolerable.

As the champion of non-executive directors, I have to ask you to take some action, either personally or through the PRO-NED organisation, to redress this situation.

I am sure that every experienced and capable non-executive recognises the duties and responsibilities that have to be undertaken, but there is no way that one can cover for a totally negligent financial director and/or company secretary, such as the case I have quoted, and whilst not a lawyer, I do know as a Magistrate that once the information is laid, it is very difficult for a Court to deal equitably with the situation I have described.

Yours sincerely
p p GUARANTEE EQUITY & MANAGEMENT PLC


Jeffrey J Goodman
Director