

CAO-01059

From: DENNIS STEVENSON, C.B.E.

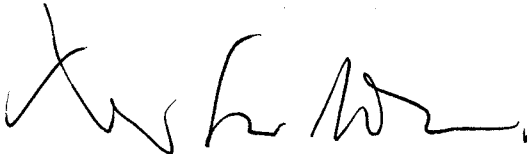
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30 July 1991

Ack'd 9/8/91.
CFA

Sir Adrian Cadbury Esq
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You may remember meeting me in the context of the Cambridge Development Appeal. I am writing to you, however, in connection with the committee which I understand you are heading up concerned with aspects of corporate governance.

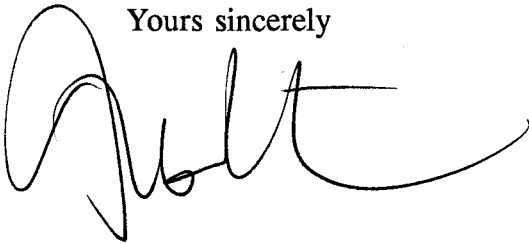
I have the doubtful privilege of being the non-executive director who a year or so ago after 4 months as a Director had to oppose the rest of the Board of Blue Arrow plc (including the other non-executives, one of whom was Norman Tebbit). The end result as you probably know was that I succeeded in getting the management removed and replaced.

The experience left me with some strong prejudices on aspects of corporate governance, the role of non-executive directors, the remuneration of non-executive directors, the payment of fees incurred by non-executive directors etc. I have so far not paraded these publicly because I wished to wait until the Blue Arrow Inspectors had finished their job.

The "Blue Arrow affair" has some characteristics which make it even in these scandal-ridden times distinctive. First of course was the involvement of our largest bank in a way that was certainly incompetent and may well turn out to have been crooked. Second was the combination within Blue Arrow of extraordinary incompetence and crookedness on the part of a management which, during a period of the time that I was trying to get them ejected, was still being heavily feted and lauded by the City (for example the morning after I had got rid of them I was called to task by one of our major institutions to explain how I could have got rid of such a good management!). Third - and perhaps most distinctive - it involved a non-executive taking on not only the executives but the other non-executives. My impression in most recent management upheavals led by the non-executives in the top British companies is that there has been a degree of consensus among the non-executives.

I have no idea whether my experiences and resulting prejudices are of any interest to your committee and will not be the slightest bit offended if they are not! However since I have become something of a zealot - not to say a bore - on the subject and now that the Inspectors' Report has been finished I intend to start evangelicising for major changes in the non-executive system which I regard as at best morally corrupt and a rather dangerous, I thought I should make the connection.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Dennis Stevenson', with a large, stylized initial 'D'.

Dennis Stevenson

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