

Sue Whalley's compensation arrangements

The following information is provided in accordance with Section 430 (2B) of the Companies Act 2006.

After 12 years' service, Sue Whalley, CEO, Post and Parcels UK, and the Board have agreed that she will leave Royal Mail. She will step down from the Board with immediate effect (7 November 2018) and transition her responsibilities by the end of March 2019. Sue Whalley's compensation arrangements are in line with the Company's approved Remuneration Policy.

Salary and Benefits: Sue Whalley will continue to receive full pay and benefits until 31 March 2019; and payments in lieu of approximately seven months' basic salary, in monthly instalments over the remainder of what would have been her contractual 12 month notice period. The Company also has an explicit policy on mitigation for payment in lieu of notice. There will be a requirement for Sue Whalley to immediately disclose any payment received from alternative employment. Her phased payments in lieu of notice will be reduced by any earnings from alternative employment.

Bonus and share awards: Sue Whalley will remain eligible to receive deferred annual bonus awards that have already been granted and where no subsequent performance conditions apply. These will continue to vest according to the normal schedule. It has been agreed that Sue Whalley will not be eligible for any annual bonus for 2018-19, were the relevant performance conditions to be met. All outstanding LTIP awards will lapse with immediate effect. The table below sets out the relevant number of shares previously awarded to Sue Whalley under the Company's share plans and the treatment described above.

Type of Award	Outstanding Awards	Treatment
2016 - 17 DSBP	48,302	Due to vest in June 2020
2017 - 18 DSBP	40,101	Due to vest in June 2021
2016 LTIP	70,843	Award lapses
2017 LTIP	101,206	Award lapses
2018 LTIP	98,474	Award lapses

Other: Sue will receive a capped contribution of £7,000 (excluding VAT) towards legal fees incurred in connection with her departure; and a capped contribution of £50,000 (excluding VAT) towards outplacement support following her departure.

Further information: The relevant remuneration details relating to Sue Whalley, including information on the vesting of any outstanding awards detailed above and the dividend equivalents payable on them, will be included in the relevant Directors' Remuneration Report in the Annual Report and Accounts.