

Bob Gilbert  
Chairman  
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11<sup>th</sup> November 2008

**Re: Letter from BERR to Nominet dated 15<sup>th</sup> October 2008**  
**Board Communiqué dated distributed 29<sup>th</sup> October 2008**  
**Open Letter from Jim Davies distributed 7<sup>th</sup> November 2008**

Dear Bob,

We read with great concern the Board Communiqué circulated on 29<sup>th</sup> October 2008, the letter from BERR to Nominet dated 15<sup>th</sup> October 2008 attached to the same email, and the open letter written by one of your non-executive directors, Jim Davies, calling for your resignation and that of your Chief Executive, Lesley Cowley.

We all, as former elected non-executive directors of Nominet, have both a deep concern to ensure Nominet's continued stable operation of the .uk namespace in the interests of its stakeholders, and collectively a wealth of first-hand experience of Nominet's operation at Board level.

The BERR letter raises significant concerns on the part of the department about Nominet's governance and the ongoing applicability of self-regulation to the domain name sector. It suggests an independent review of Nominet's corporate governance, in particular Nominet's Board structure and ensuring directors represent the wider stakeholder interests.

The Board Communiqué states that at Nominet's Board meeting on 21<sup>st</sup> October 2008, the Board upheld, having taken leading counsel's advice, two complaints of serious conflicts of interest on the part of one of your directors, Jim Davies, and noted that Mr Davies had not yet signed the service agreement required of all non-executive directors. The communiqué also notes that Angus Hanton abstained on the two conflict of interest complaints. This followed the August Board Communiqué, which stated that the Board resolved, having again taken leading counsel's advice, that Mr Davies was conflicted in his role as a DRS adviser.

We cannot comment on the substance of the complaints made against Mr Davies and his alleged conflicts of interest as we have no knowledge of the facts. What is, however, clear is that these complaints and alleged conflicts could not have come at a worse time for Nominet, particularly given the BERR letter. It is difficult to see how directors can be perceived as

representing wider stakeholder interests when they are subject to continuing allegations of conflicts of interest, and, in particular, representing the interests of specific registrars. We emphasise the duties of a director under the Companies Act 2006 to act in the best interest of the Company as a whole; in Nominet's case, this means, as set out in its constitution, not only its members but also its stakeholders. We further emphasise the new provisions under the Act setting out duties to declare and avoid conflicts of interest, the latter having come into force on 1<sup>st</sup> October 2008.

Whilst we recognise non-executive directors' roles include challenging management and acting as a check and balance, Nominet's Board should be collegiate in nature. It is hard to see how a Board can be effective when it is so clearly riven with internal divisions. As Mr Davies' call for your and Ms Cowley's resignation has made clear, it is now quite impossible for both Mr Davies on the one hand, and Ms Cowley, you and those other directors who support your and Ms Cowley's continuing tenure on the other, to continue to serve on the Board.

We write to express our support for both you and Ms Cowley continuing in your positions as Chairman and Chief Executive Officer. We have seen no credible evidence of any wrongdoing by either of you. Further, change of executive leadership at this difficult time would be hugely damaging to both the Company and to its stakeholders.

If, as the support of both the Board and leading counsel would suggest, the allegations made against Mr Davies are in fact correct, it is clear that he should not remain a director of Nominet. This would also raise serious questions about the reasons for Mr Hanton's abstention.

In the light of our serious concern, we call upon Nominet to take immediately all necessary actions to ensure that all directors abide by their duties both under the Companies Act 2006 and otherwise, and not to tolerate any breaches of those duties or any other behaviour which brings Nominet into disrepute. We further call upon Nominet to take whatever action is necessary to ensure its Board can provide a functioning strategic and policy lead for the Company, unencumbered by partisan conflicts of interests and internal disputes.

We recognise that aside from the particular allegations raised, there are longer term concerns as to Nominet's corporate governance. We welcome BERR's suggestion of an independent review of Nominet's corporate governance, and Nominet's acceptance of the need to progress this urgently. However, it is difficult to see how any proposed changes could be effected with the Board as divided as it currently seems.

We call upon all current Board members, and all members of Nominet to support the proposals set out above.

Yours sincerely,

Richard Almeida  
Rob Blokzijl  
Fay Howard  
Jonathan Robinson

Alex Bligh  
Stephen Dyer  
Keith Mitchell  
Nigel Tittley

Each being a former elected non-executive director of Nominet.