

Rich, Paul

From: Stuart Sweetman
To: Rich, Paul; Miller, Dave (Horizon); Evans, Jonathan; Tabor, Roger
Subject: Fwd: Horizon Update
Date: 23 February 1999 17:30

To see the note I put up the line.
Stuart

To Neville Bain; [GRO] John Roberts; [GRO]
Richard Close; [GRO] Jerry Cope; [GRO]

cc
Hard Copy To
Hard Copy cc

From: Stuart Sweetman [GRO]
Date: 23/02/99 08:43

Subject: Horizon Update

Our latest intelligence is that an agreed way forward was being put to No10 yesterday afternoon. This followed Byers agreeing the line that the parties should be given three weeks to negotiate the alternative proposal that emerged a week or so ago. His line was that if after three weeks agreement did not emerge then we reverted to option 1. We understand from DTI officials that one thing that might happen is that the Prime Minister may phone Neville or John to explain the situation! I believe we should really give the new option a thorough workout with the following key aims

1. It must be commercially acceptable - as good as previous Board authority and meets agreed non-negotiables (eg PO strategic control kept)
2. The PO's vision for POCL is sustained or accelerated
3. Government public announcements support the above and establish among our stakeholders
4. Key strategic risks are mitigated (customer retention, income flows, uncontrolled network changes etc)
5. A revised and agreed programme plan is produced that matches POCL's key needs - pace of installation together with a plan for service development(enabling process efficiencies as well as market -based products)

As an Executive team we will clearly need to keep close during a period of intensive activity and to keep the non-execs fully in the picture and on side.

We have recently reviewed the business case figures from the last round of negotiations and to give us a firm point to start the next round I attach the 'hierarchy of NPV's' as we now have them.

Stuart

<<File Attachment: NPVFeb99.doc>>

*Project Emerald / Nelson
But for*