PRESENTATION TO NATIONAL FEDERATION OF SUBPOSTMASTERS EXECUTIVE COMMITTEE

STUART SWEETMAN
DAVID MILLER
11 JUNE 1999

TOPICS

- Horizon history
- Options faced with
- The deal and potential impact
- What now?

HISTORY

- 1993 Anti-Act Lobby
- Joint Feasibility Study for BA Card 1994
- Procurement 1994/1996 Contract signed May 1996
- Original Plan Trial 1997. National rollout 1997/1998

HISTORY

- Many delays Govt. Review Autumn 1998
- Concluded Programme was deliverable but restructured deal with ICL needed. ICL/POCL agreed. BA didn't
- Negotiations continued past Christmas until May

THE OPTIONS

Option

BA Contract Terms

Pathway Contract Terms

A BA payment card

To end 2007/08 Floor to end 2007/08 To end 2009/10

B1.2
Smartcard
Benefit payment
through POCL
account

To end 2004/05 Floor to end 2002/03

To end 2009/10 New prices

B3
Automation
without payment
card

To end 2004/05 Floor to end 2002/03 To end 2004/05

THE OPTIONS

Option

BA Contract Terms Pathway Contract Terms

B3
(with funding)
Automation
without payment

To end 2004/05 Floor to end 2002/03 To end 2004/05

C Termination

card

To end 2002/03 Floor to end 2000/01 N/A

KEY ELEMENTS

- Compulsory ACT from 2003 over 2 years
- •£1bn contract to Pathway
- No longer PFI
- Contract to run to March 2005
- Automation of existing products, future product development on time and materials basis
- Automated network
- "Hope of Ministers that the Post Office will be successful in retaining and winning (Government) business on merit"

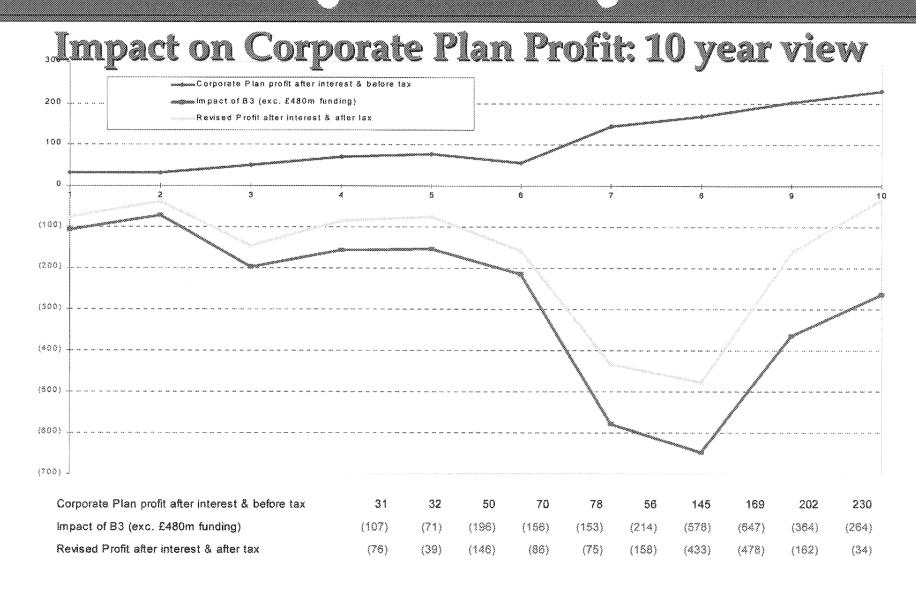
SIGNING THE DEAL

Board meeting held Sunday 23 May

Signing of agreement dependant on;

- Post Office allowed to sell £480m of investments
- Profit and EFL targets adjusted for this £480m
- Proposed white paper freedoms to be maintained
- Option will lead to deterioration in the financial position of the Post Office

Slide 8



Slide 9

HORIZON WORKING GROUP

Terms of Reference

- to oversee negotiations
- to contribute to problem solving
- assist in maximising commercial potential

HORIZON WORKING GROUP

Membership

DTI

Ian McCartney

Frank Doran

Geoff Moore

David Siddick

Isobel Anderson

CWU

Dereck Hodgson

Roger Darlington

POCL

Stuart Sweetman

Dave Miller

NFSP

Colin Baker

John Peberdy

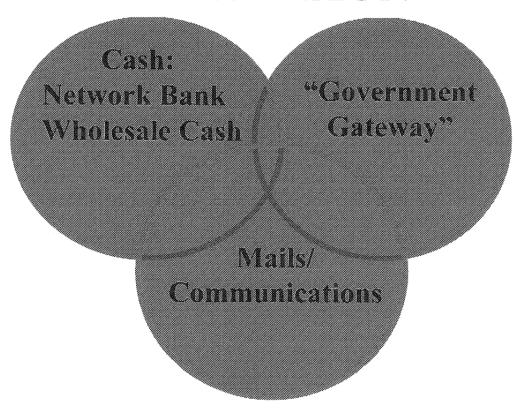
CMA

Terry Deagan

Tony Harris

Slide 11

NEW VISION



Key Enablers:

Network
Smartcards
Trusted Brand

NEED TO FIGHT

- Understand BAs plan for ACT 2003/2005
- Understand banks key drivers to accept this work
- Understand who pays i.e. Govt Consumer
- Understand impact on PO Network viability threat of all types of outlets
- Plan campaign together and co-ordinate actions