

10/05 '99 16:45 FAX GRO

DEVELOPMENT DIR

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IN CONFIDENCE

To: John Roberts

Copy: Stuart Sweetman  
Tim Brown  
Mena Rego

From: Paul Rich

Date: 10 May 1999

Subject: HORIZON - LATEST REQUEST FROM DTI

1 Sibbick phoned Stuart late lunchtime with a "deferred payment proposal" from ICL (apparently, I think DTI had requested it) - attached. Byers was keen to tell colleagues he could smooth the public sector cash outflow peak in 2003 to 2005. Sibbick asked Stuart for an initial and quick view from us. Stuart asked me to deal as he was with Girobank's MD this afternoon.

2 Having briefly consulted Tim Brown/Schroders our answer (with the usual caveats) is:

- yes, if it has no adverse impact on our commercial case/cash flow/P&L and is backed by Government as part of our funding proposal (i.e. now to include any extra interest charges from ICL)
- no, if it affects us adversely commercially by us taking the interest hit (I suspect this was the real question).

3 I told Sibbick this at 4.30pm today, and have sent the fax attached to confirm. We have also spent the day reconciling KPMG's numbers to ours for him.

4 Sibbick told me that the briefing going to the PM tonight has had some last minute revision from HMT heavily supporting termination. There is a risk that B3 is not finally dead either, from HMT's view We will see.

**GRO**

PAUL RICH

3rd Floor

KEB

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To	John Roberts	<b>FAX</b> Post-It Fax Note Ref No: 7683
Company	Chief Executive	
From	Paul Rich	
Company	PCL	
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