

CONFIDENTIAL



Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

11 March 1981

T.P. Lankester, Esq.,  
No.10, Downing Street

pm seen

Dear Tim,

FL  
13/3

ICL

As I mentioned on the telephone, following an internal meeting this morning in the Treasury, chaired by the Chancellor, Bill Rylie spoke to Sir Peter Carey about the terms and conditions of the guarantee which it is envisaged should be offered by the Government to the clearing banks in respect of ICL under Section 8 of the 1972 Industry Act. These were set out in the note attached to Jonathon Hudson's letter of 10 March to you.

Sir Peter Carey agreed:-

- (i) that all possible efforts should be made at the meeting this pm to secure the agreement of the banks, that the Government should share with the clearers in their existing security on a pari passu basis. This, I understand, reflects more accurately the view reached at the meeting on Monday, 11 March, chaired by Mr. Baker, than does 1(b) of the note attached to Jonathon Hudson's letter;
- (ii) to ask the banks whether they know of any other problems, which the company might be experiencing or expecting, which the Government should be aware of. (We have in mind possible difficulties which ICL's leasing subsidiary - CLL - might pose for the company.)

I also understand that, to reflect these uncertainties, the meeting this afternoon will now be on a basis of no commitment, and that the Treasury will be represented at official level.

/The PM

CONFIDENTIAL



The PM may wish you to reflect all or some of these points in your reply to Jonathon Hudson's letter.

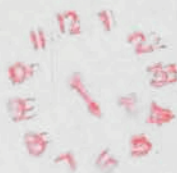
Yours ever,

Richard Tolkien,

R.I. TOLKIEN

conqueror

11 MAR 1981



RECORDS SECTION