

Treasury advice will arrive at
about 5.30 p.m. We are asked to
await it.

Prime Minister.
A.F.C. $\frac{24}{11}$

MINUTE TO THE PRIME MINISTER FROM THE SECRETARY OF STATE FOR TRADE
AND INDUSTRY

6A

ICL

Sir Christopher Laidlaw of ICL came to see me this evening to report on serious developments which have occurred in the course of the day. He reported that relations between ICL and Sir Michael Edwardes had deteriorated severely, to the point that if the company goes ahead with his appointment as Chairman, the non-executive directors, who are in a majority on the Board, will resign. Edwardes, who is in South Africa, has refused to return before next Monday. John Gardiner, who has been sounded out as a successor, is prepared to take it on only if the three executive directors, headed by Rob Wilmot, agree to extend their service contracts. They, in turn, are only prepared to do this if there is an explicit undertaking that BT will purchase ICL rather than IBM equipment for its major billing operation.

This purchase decision is a well-trod dispute with BT, which, despite many discussions, has refused to move from its strongly expressed view that it must have IBM compatible equipment, which will mainly exclude ICL. Kenneth Baker and I have been discussing this with Sir George Jefferson and his colleagues, who have so far proved obdurate (although they have kept the door open for further talks). What has given it

/immediate

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immediate urgency is the connection now established with the identification of continuing direction for ICL. The ICL Board meeting is next Tuesday, 29 November, the ICL results are due to be announced on the morning of Wednesday, 30 November, and the Annual Report - which must contain the name of the new Chairman - is due within 8 days thereafter. We must therefore act very quickly indeed if we are not to be faced with a disastrous blow to public confidence in ICL caused by either the appointment of Edwardes accompanied by the resignation of Board members and the likelihood that the departure next year of Wilmot and others would become clear; or by a public failure to find a new Chairman, also accompanied by the news of their imminent departure. Laidlaw made clear to me that he will not continue beyond May; he told me he had found out through his non-executive directors that none was prepared to succeed him, except Gardiner.

I shall be seeing Gardiner tomorrow to see whether I can persuade him to accept; and I shall be pressing Jefferson very hard on his purchasing decision. But we may be forced to take very rapid action indeed if we are to avoid a crisis which could set ICL back very severely indeed.

Although this crisis has been precipitated by the personality clash between Edwardes and the ICL Board, it seems that it could only be resolved by some agreement between ICL and BT on purchasing. Unhappily, both time and circumstances are against us in finding such an agreement.

/ I am

I am copying this to Nigel Lawson and Robert Armstrong.

SIGNED

S/S for Trade and Industry

24 November, 1983



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PRIME MINISTER

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Approved by the Secretary of State
and signed in his absence

N. T. McCarthy

N T

24 November 1983

Department of Trade and Industry

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