

27 January 2009 Strictly private and confidential

DRAFT FOR DISCUSSION AND FURTHER INPUT

 Project Horizon

 ROTHSCHILD

251
4/2/1

1. Timetable

1.1 Outline timetable for discussion

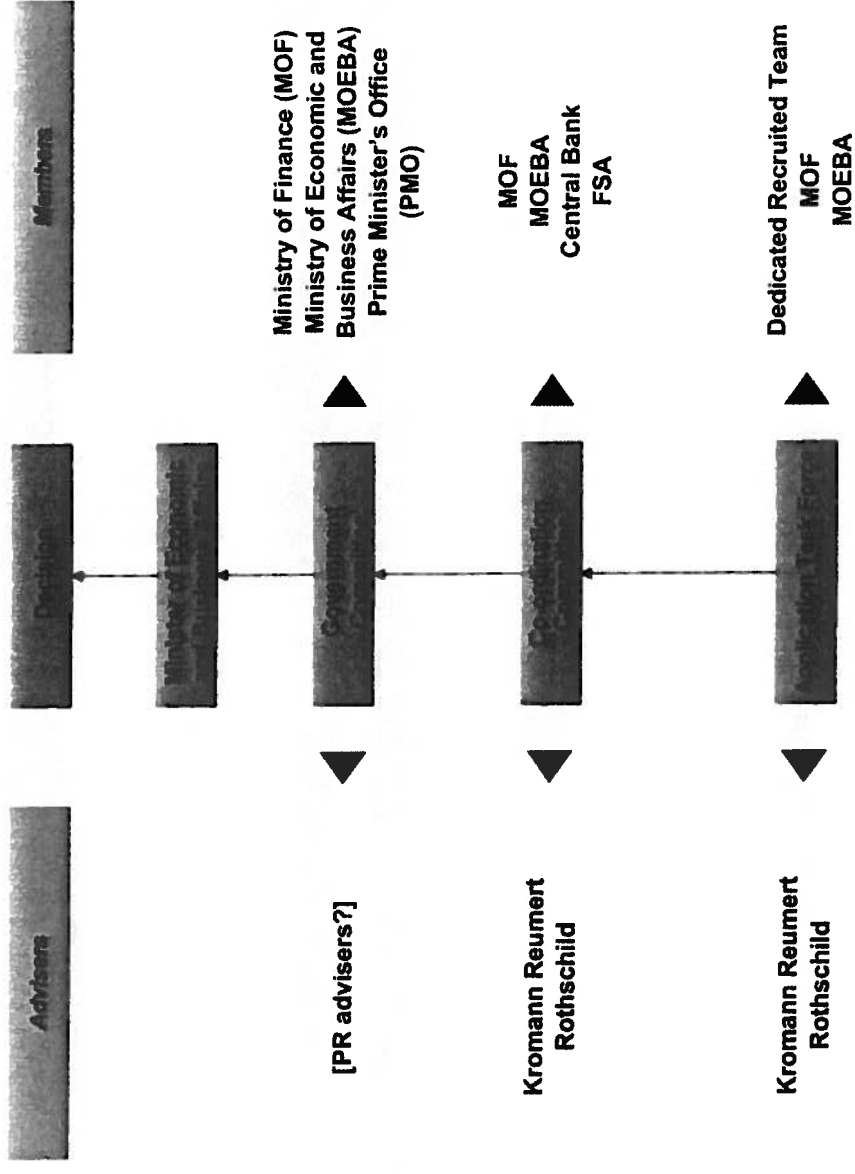
Timeline - working draft

Meetings

	11:00-13:00	Core working group (For Actions see below)	12:00 Second reading	10:30-12:00 Core working group meeting with Michael Dittmer	31/01 Sat	01/02 Sun	[12:00] Third reading	[TBQ] Approval	04/02 Wed	05/02 Thu
27/01 Tue Actions	28/01 Wed	29/01 Thu	30/01 Fri	31/01 Sat	01/02 Sun	02/02 Mon	03/02 Tue	04/02 Wed	05/02 Thu	
	1. Agree consolidated termsheet									
	2. Agree pricing policy									
	3. Agree structure and content for applications									
										1. Launch of online application facility, opening of application helpline
										2. Opening of FR and press helpline

2. Decision-making and reporting lines

2.1 Overview



2. Decision making and reporting lines

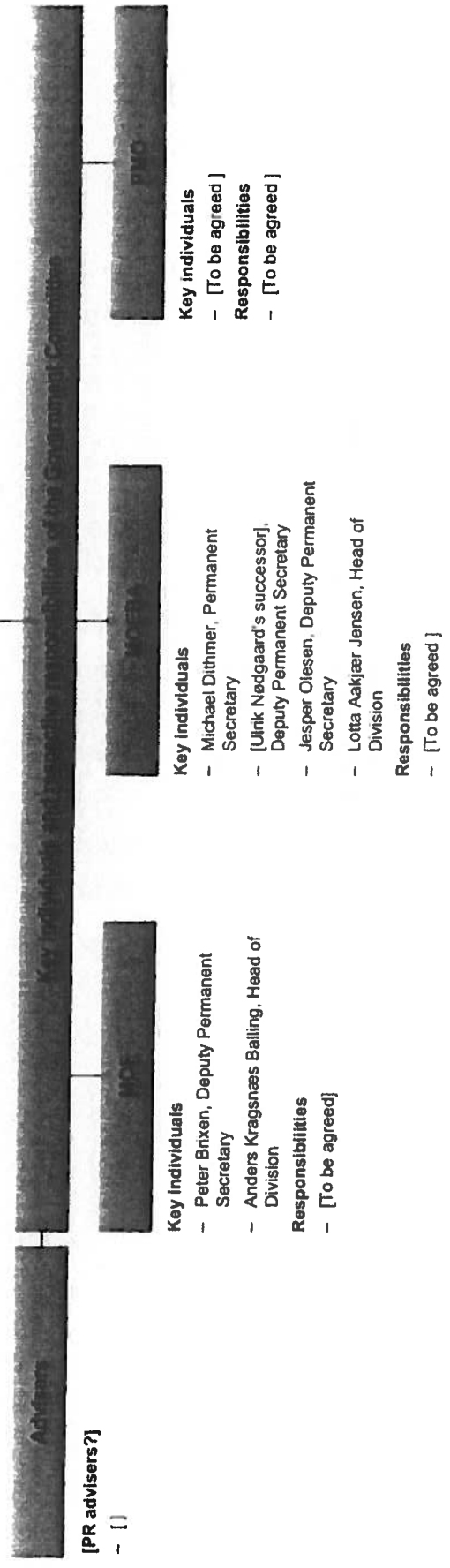
2.2 Government Committee

Composition

- MOF
- MOEBA
- PMO

Key tasks

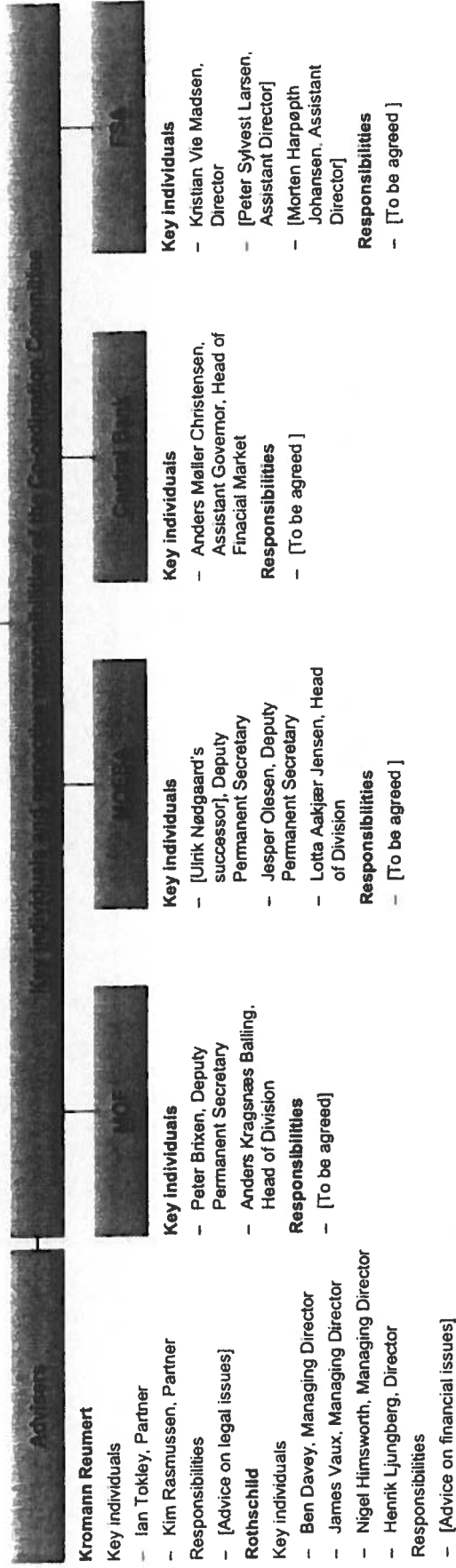
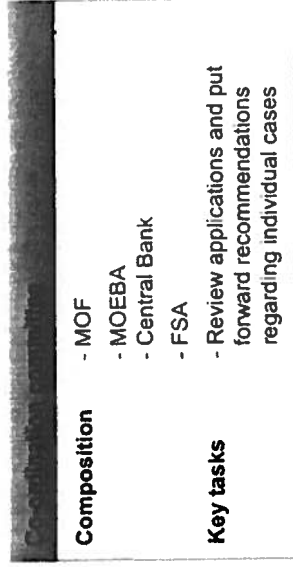
- To agree on a recommendation to the Minister of Economic and Business Affairs



Government Committee to meet [each week]

2. Decision making and reporting lines

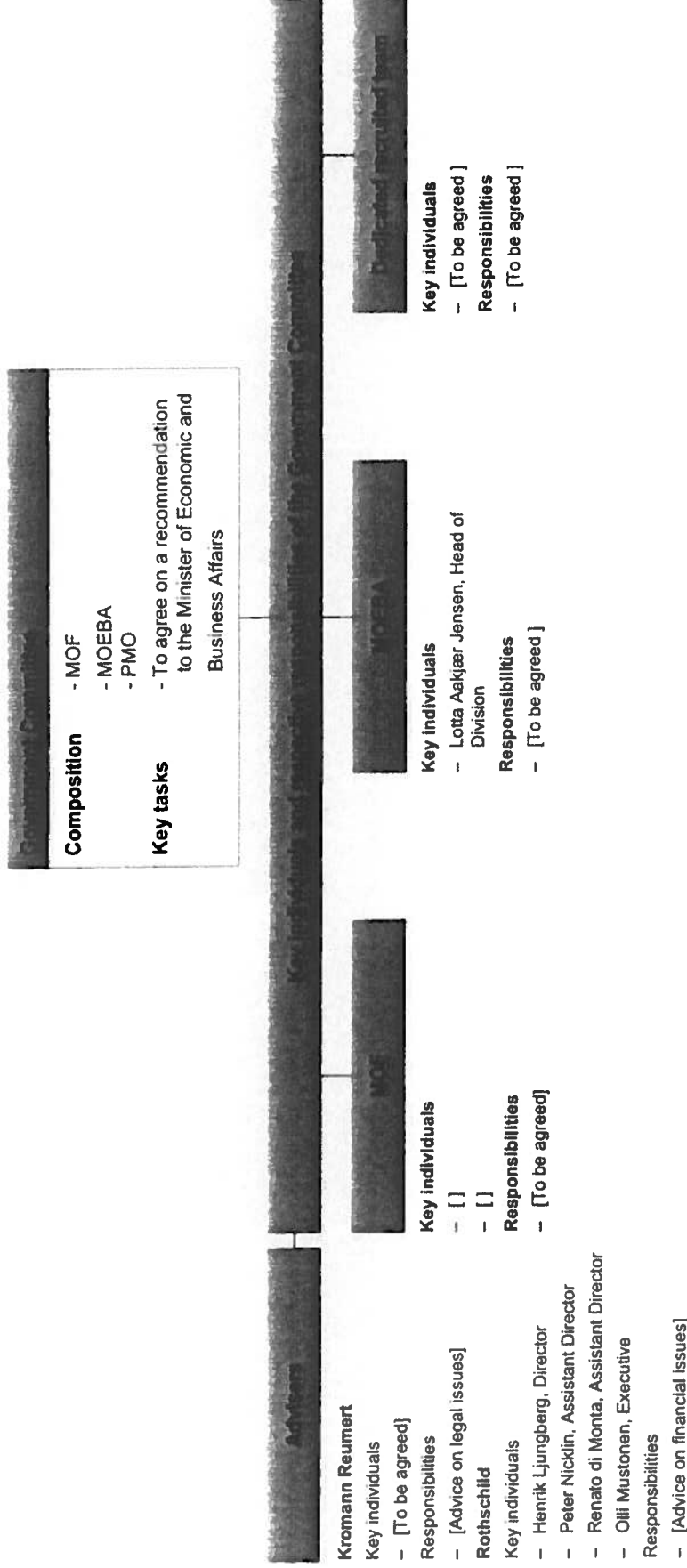
2.3 Co-ordination Committee



Co-ordination Committee to meet [x times a week], and formulate recommendations ahead of the Government Committee meetings

2. Decision making and reporting lines

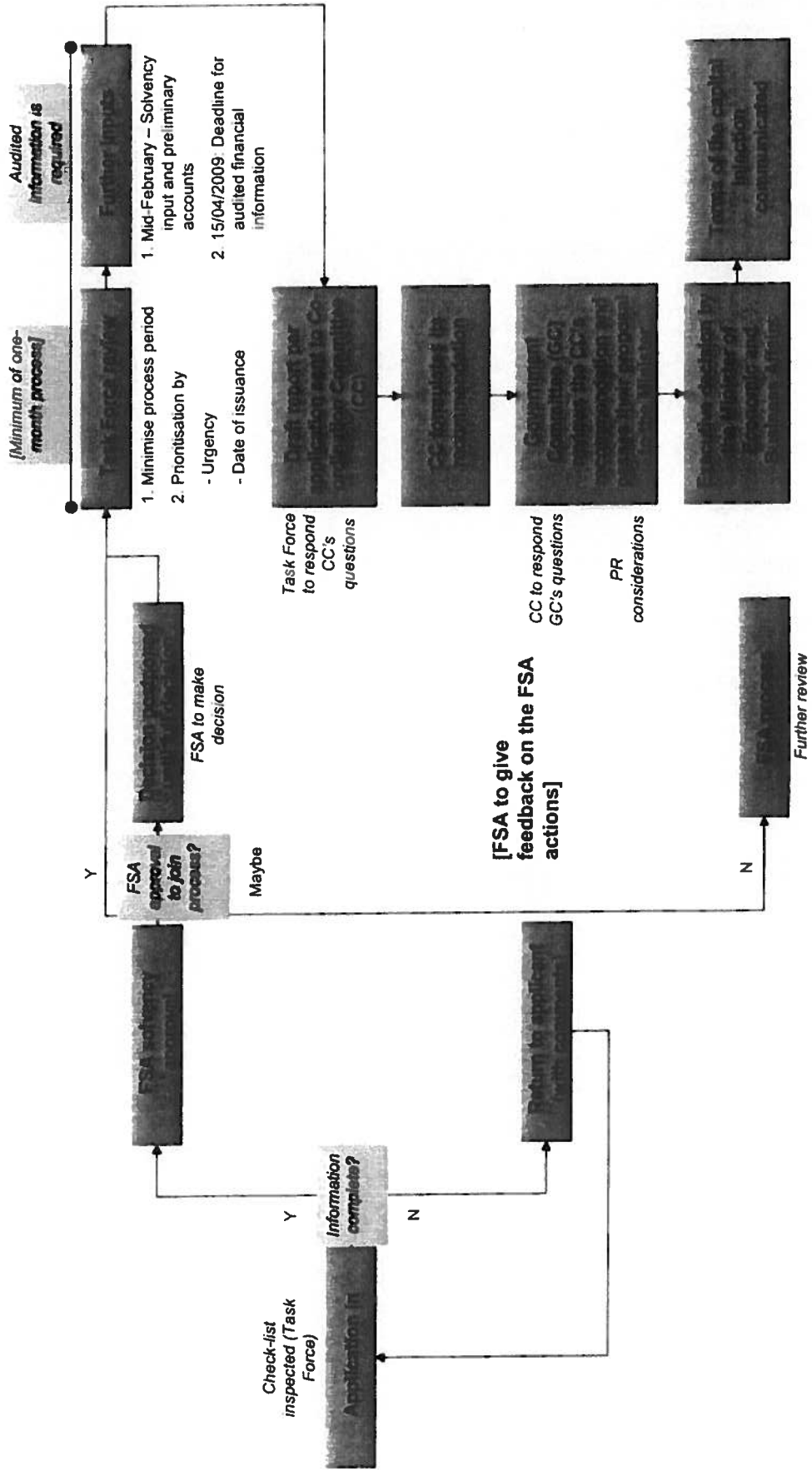
2.4 Application Task Force



Application Task Force to deal with the applications on a day-to-day basis and report to the Co-ordination Committee ahead of their meetings

3. Decision tree

3.1 Overview



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Hanne Lanther (DEP)

Fra: Mustonen, Olli [Olli.Mustonen@Rothschild.co.uk]

Sendt: 28. januar 2009 15:14

Til: Tove B. Pedersen Foxman (DEP); Lon IB Project Horizon; Lotte Aakjær Jensen (DEP); ito@kromannreumert.com; Kristian Vie Madsen (FT); Jesper Olesen (DEP); Tomas Frydenberg

Emne: Outline pricing policy

Vedhæftede filer: Outline pricing policy 270109 v2.doc

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Dear all

Please find attached the amended version of the document.

<<Outline pricing policy 270109 v2.doc>>

Kind regards

Olli Mustonen

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Hanne Lanther (DEP)

Fra: Ulrik Nødgaard (DEP)
Sendt: 14. januar 2009 17:59
Til: Michael Dithmer (DEP); Lotte Aakjær Jensen (DEP)
Emne: VS: UK Loan Guarantee Scheme
Vedhæftede filer: UK launches business loan guarantee scheme.pdf

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Fra: Vaux, James [mailto:James.Vaux@Rothschild.co.uk]
Sendt: 14. januar 2009 17:53
Til: Ulrik Nødgaard (DEP); pbr@fm.dk
Cc: Lon IB Project Horizon
Emne: UK Loan Guarantee Scheme

Dear Ulrik and Peter
 A scheme which helps banks to continue lending to businesses was announced in the UK today. As I suspect you may receive questions on it, we have put together a slide summarising its key terms, which you will find attached.

Kind regards
 James
 <<UK launches business loan guarantee scheme.pdf>>
 Kind regards
 James

James Vaux
Managing Director
Head of Nordic Region
Rothschild

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UK launches business loan guarantee scheme

Overview

Key details

- 14 Jan 09 - The UK Government announced a new set of measures in an attempt to address the cash flow, credit and investment needs of SMEs
 - The measures build upon previous commitments made in the November 2008 Pre-Budget Report
- The **Working Capital Scheme (WCS)** endeavours to bypass current difficulties in obtaining credit
 - A condition of the scheme requires that banks use the capital freed up by the guarantee for new lending (extra credit of which would not have been provided)
- The **Enterprise Finance Guarantee (EFG)** aims to help smaller credit-worthy companies which find it difficult obtaining finance in the current tough lending conditions
 - Such loans will provide crucial working capital and investment finance, preventing company failure
 - The EFG will be available through high-street banks and can be used to convert existing overdrafts into loans, freeing up current overdraft facilities to meet working capital demands
- The **Capital for Enterprise Fund** exists to help firms with high levels of debt raise long-term finance
 - This newly-raised capital can then be used to invest and grow the business
- These measures come the day Gordon Brown meets Nicolas Sarkozy for economic discussions and the day after the German government pledges an extensive €50bn fiscal stimulus package

Summary of new measures

- **Working Capital Scheme (WCS)**
 - Existing or new bank loans made to companies with <£500m annual turnover will be 50% guaranteed by the Government (in return for a fee), securing up to £20bn of short-term bank lending
- **Enterprise Finance Guarantee (EFG)**
 - Government to secure up to £1.3bn of additional bank loans to smaller firms with <£25m annual turnover
 - The state will guarantee 75% of business loans, with banks covering the remaining 25% (each may borrow up to a maximum of £1m)
- **Capital for Enterprise Fund**
 - Worth £75m, the externally-managed fund will seek to convert business debt into equity
 - The Government will provide £50m, with banks pledging a further £25m

Measures outlined today seek to stimulate lending to SMEs and encourage growth

UK launches business loan guarantee scheme

Political commentary

Helping SMEs obtain credit seen as a primary economic concern

Lord Mandelson, Business Secretary

"UK companies are the lifeblood of the economy and it is crucial that Government acts now to provide real help to support them through the downturn and see them emerge stronger on the other side.

We know that some companies are struggling to secure the finance they need, not because of any failure in their business but due to the tougher credit conditions. That is why we have designed a package of measures addressing different forms of credit and providing real help for businesses."

Source BERR (Department for Business, Enterprise and Regulatory Reform) 14/1/08

Plans for further radical measures

"Lord Mandelson also confirmed today the Government is discussing with trade credit insurance providers a Government scheme to help companies affected by reductions in their credit insurance."

Source BERR (Department for Business, Enterprise and Regulatory Reform) 14/1/08

Supplementary plans to ease credit lending conditions will fiscally stimulate the economy

Conservative Party

"It's good the Government is finally looking at loan guarantees. We've been arguing that a lack of credit is the problem at the heart of the recession."

Source UK Conservative Party 14/1/08

Calls for more extensive loan guarantees

"Ministers have rejected Tory (Conservative party) calls for a national £50bn loan guarantee scheme, saying it would risk handing money to firms who do not need it. The Government will consider help for specific sectors of the economy, including the car industry, on a case-by-case basis."

Source The Independent 14/1/08

