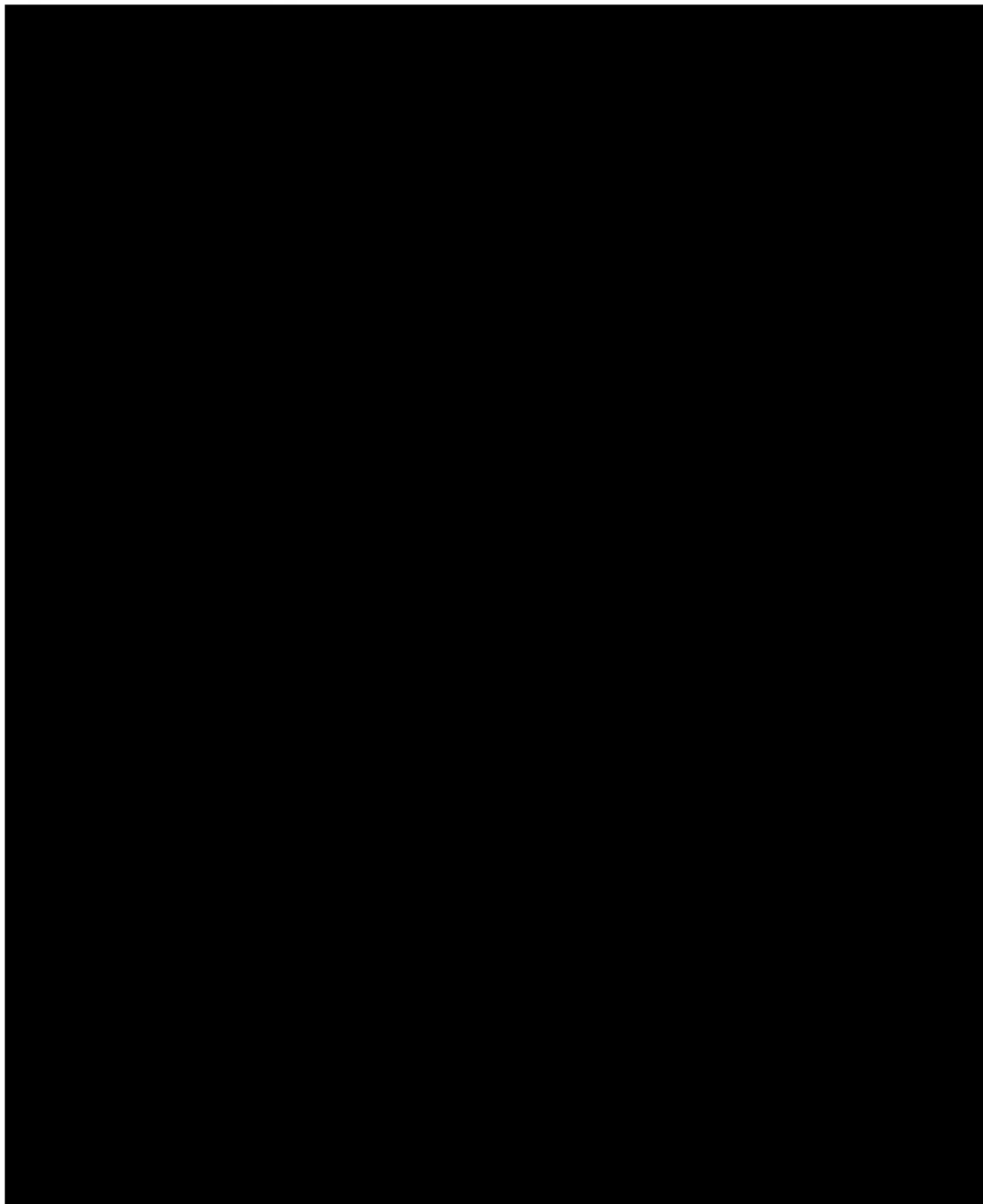



1. Progress Report against Period 3 Strategic Milestones
(as defined in the Budget Paper)



POCL Milestones

Traffic light indicator	Overall objective	Milestone
 A	Harnessing Technology/ Automation	<ul style="list-style-type: none"> • To continue the automation of POCL by: <ul style="list-style-type: none"> • successfully completing the live trial of Horizon by the end of September 1999; • installing 4,000 post offices with Horizon by the end of March 2000; subject to Government decision.

Harnessing Technology

A revised deal on acceptance of the system was agreed with ICL in mid August. The aim of so doing was to facilitate the acceptance and roll out of a robust system before Christmas. As part of the deal ICL accepted that they had failed the last stage A acceptance. ICL now have until 15 November to gain acceptance.