

December 11, 1987

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Dear Gerald:

Purdy passed to me a copy of your letter of December 2, 1987 and I am pleased to respond to your request for more information regarding our refinancing activities.

Effective September 30, 1987 Imasco Limited arranged a line of credit of U.S. \$1.250 billion with seven Canadian banks and three foreign banks. This line replaces the Citibank/Genstar acquisition financing and will be used largely to support short term bankers acceptance and commercial paper programs.

The note issuance facility of U.S. \$250 million (increased from announced U.S. \$200 million) with the Morgan Bank in London is also a short term floating rate arrangement, although the stated term of the facility is eight years. We estimate that the "all-in cost" will be libor plus 20 basis points versus libor plus 37.5 basis points for the syndicated bank line. We expect to finalize this arrangement in late January 1988.

Depending on market conditions, we intend to fix approximately Canadian \$500 million of existing floating rate debt during the next 6 months. Our objective over the next 18 months is to reduce floating rate debt to 40% of our overall borrowings. Following is a summary of the Imasco Limited committed lines of credit and a comparison of fixed versus floating rate debt.

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Committed Floating Rate Lines

	<u>Nov. 1987</u>	<u>May 1988</u>
Royal Bank Syndication	U.S. \$1,250	1,250
Other Bank Lines	300	70
Note Issuance Facility	-	250
Total lines	U.S. <u>\$1,550</u>	<u>1,570</u>
Canadian equivalent @ 1.31	<u>\$2,030</u>	<u>2,060</u>

Fixed Versus Floating Borrowing

	<u>Nov 1987</u>	<u>May 1988</u>
Fixed	Cdn. \$ 600	1,100
Floating	1,800	1,075
	<u>2,400</u>	<u>2,175</u>
Hardee's real estate partnership - Fixed (off Balance Sheet \$171 @ 1.31)		225
Projected borrowings	<u>\$2,400</u>	<u>2,400</u>

Floating rate debt could be further reduced by the sale of CT Financial shares, the Ganstar Development business, F.F.M., and venture capital assets.

Part of syndicated lines will be cancelled following fixing of up to Canadian \$500 million.

With regard to my general discussion with Tom Long and my expressed mild disappointment with the state of London's financial markets, I should perhaps have been more specific.

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We were informed by the bankers that the corporate bond markets were very weak at that time, and consideration of a medium to long term bond issue (i.e. part of our floating to fixed programme) should be deferred as far as the European markets were concerned. The note issuance facility, on the other hand, is a very liquid floating rate product and we received very positive comments for this type of financing.

I trust that this additional information is sufficient for your needs; however, if either you or Tom require further details of the note issuance facility arrangement, I would be pleased to discuss either by telephone or in writing.

Yours sincerely,



R.E. Guyatt
Senior Vice President
& Chief Financial Officer

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c.c.: P. Crawford

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