

CONFIDENTIAL



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From the
Minister of State

The Hon Adam Butler MP

Nigel Lawson Esq MP
Financial Secretary
HM Treasury
Parliament Street
London SW1

8 April 1980

on the Saffin

MBM

Dear Nigel,

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BRITISH AEROSPACE LTD

I am writing to let you know formally that it has now become clear that the company, British Aerospace Ltd, in which the business of the present statutory corporation will eventually be vested under the British Aerospace Bill, will not be able to be floated, as we had originally hoped to do, in the short summer "window", allowed by Stock Exchange regulations. Although we have been working very hard towards this end, a number of uncertainties have now occurred which make it impossible to proceed as we had originally intended. In particular, it has become clear that the Government, as the vendor, could not proceed without making clear the effect of various possible defence decisions which we are not yet able to make public. I shall write again to you setting out my proposals for the vesting and subsequent flotation of British Aerospace Ltd once these and other uncertainties which affect the issue are clearer.

In the meantime, I think it important to consider carefully how to treat the question of public presentation of the timing of the issue. No formal statement has ever been made that the issue will take place this summer, and the most clear statement as to timing is that which appears in the Budget Statement and Financial Report, where the absence of figures for British Aerospace is explained by "the assumption, subject to the passage of the British Aerospace Bill, of a sale of shares in a successor company in 1980/81". I intend to make no statement to the effect that the issue will not take place in the summer: the reality is that, although we have been working towards this timing, no decision had been made to adopt it. Formally, our position and policy remains unchanged, namely that the sale of shares in British Aerospace Ltd will take place at the earliest appropriate time after Royal Assent. I think it important that we should keep up

/ ... the pressure



the pressure within Parliament, so that our opponents cannot claim that we are slackening off or having second thoughts.

I am copying this to the Prime Minister, other E(DL) members, the Minister of Transport, the Chancellor of the Duchy, Earl Ferrers, Lord Trefgarne, Lord Cullen and Sir Robert Armstrong.

Yours m

Adam

ADAM BUTLER

