

CONFIDENTIAL

2 March 1984

MR TURNBULL

RESIDUAL SHAREHOLDINGS

In the next 2 or 3 months, some residual shareholdings should be sold: it will not jeopardise the BT issue in the autumn. The UK equity market is currently very strong, and would welcome more equity issues. Because companies are so liquid, there are very few rights issues available.

The case of British Aerospace is the most important. It would be desirable to follow up the grant of launch-aid with a further sale of equity. It would help fund the launch-aid given and would signal that the Government does not wish to bear undue risk on this project.

It is difficult to see that insider trading allegations would stick now that the Airbus financing package has been publicly announced. If there are concerns about other information, then that too could be made generally available before or at the time of any share placing.

You could agree with Norman and with Peter Walker in not making a general statement on the sale of residual holdings. This would alarm the market for no good reason.



JOHN REDWOOD

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