

PRIME MINISTER

cc Mr Ingham

Subject as: NAT. IND.

Board Salaries
Part 3.

Mr Ian MacGregor: Performance Payments

You should know that it will be announced tomorrow that the first performance payment for Mr MacGregor is being deferred. It is being announced by means of a Written PQ because Lazard-Freres in New York have already told a journalist on 'The Observer'.

There is a wrangle between the Department of Energy and the Department of Trade and Industry on the terms in which the announcement should be made. The Department of Industry want to say

'the Government and Lazard-Freres have agreed to defer the first payment to Mr MacGregor until next year'.

Mr Walker wants to say

'at the suggestion of Lazard-Freres the first performance payment to Mr MacGregor is being deferred'.

The Department of Trade and Industry will not agree to Mr Walker's formula because it is not true, and, even if Lazard-Freres were persuaded to agree to this formula they could not be relied upon to stick to it.

Mr Lamont and Mr Walker are to have a further conversation in the morning to reach an agreed formula.

15 November 1984