

Department of Energy

cc Press



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Your reference

Our reference

Date 22 November 1982

*R. Office.*

BRITTOIL PRIVATISATION

I attach a draft of the statement my Secretary of State proposes to make in the House this afternoon. I would be grateful for any comments by 2.00 pm.

I am copying this to Nick Huxtable (Lord President's Office), Murdo Maclean (Commons Chief Whip's Office) Michael Pownall (Lord Chief Whip's Office), Bernard Ingham (No 10), Richard Hatfield (Cabinet Office) Margaret O'Mara (Treasury), Martin Donnelly (Treasury) and Roger Bone (Foreign and Commonwealth Office).

*Jan.*

G L DAVEY  
Parliamentary Clerk

Mr Speaker, I wish to make a statement on the outcome of the offer of shares in Britoil.


The lists opened and closed at 10.00 am last Friday.

Valid applications were received in respect of just under 70 million shares. They have been accepted in full at the minimum tender price of 215 pence per share. The balance of the underwritten portion of the Offer for Sale, some 185 million shares, will be taken up at the same price by the underwriters and sub-underwriters, who comprise some 500 pension funds, life offices and other investing institutions, who will hold the shares on behalf of their members, policy holders and shareholders.

Ninety-nine per cent of all applications came from small investors and employees. There were a little over 35,000 applications for 2000 shares or less, 90 per cent of them being striking price applications. These will all be eligible for the small shareholder bonus on the terms and conditions set out in the prospectus.

Under the special arrangements made by the Government for employees of Britoil, ninety-two per cent of eligible employees will hold a total of some half million shares between them. I will circulate a more detailed breakdown of the applications in the Official Report. Dealings in Britoil shares will open tomorrow.

Following the sale, the Government will be left with approximately 49 per cent of the share capital of Britoil.



The total share issue will raise a gross sum of £548 million. In addition Britoil will shortly repay, with interest, a debenture of £88 million. Total gross proceeds will be approximately £640 million.

The latest estimate of the costs to be borne by my Department since preparations began in January up to the end of the current financial year is £11½ million, exclusive of VAT. This sum includes expenses incurred in connection with the scheme transferring assets to Britoil, as well as costs of the sale itself. Parliamentary approval to expenditure in connection with the main expenses of the Britoil sale will be sought in a Winter Supplementary Estimate. Pending that approval, the necessary expenditure will be met by repayable advances from the Contingencies Fund.

In all, the total net proceeds from the disposal of Britoil are estimated to be in excess of £625 million.

Mr Speaker, Britoil has now been successfully privatised on eminently fair terms for the taxpayer.

I am sure all sides of the House will want to wish this important new British company every success in the years ahead.