

PRIME MINISTERPRIVATISATION OF JAGUAR - E(A) on 4 APRIL

1. We are entirely content with Mr Tebbit's conclusions that:

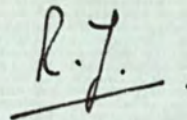
(i) there is no point in pursuing a 25% employee shareholding as a blocking mechanism against foreign control of Jaguar; and that

(ii) the golden share approach is the right way forward.

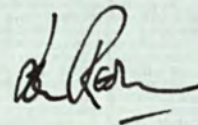
2. But a minimum ten year life for the golden share seems to us vastly excessive. It will depress the share price needlessly, and in our view could acutally deter possible rescuers from making an approach if or when Jaguar runs into difficulty. The life of the golden share should be related to how long Jaguar can be sure of surviving on its own resources, not on sentiment.

We recommend a life of five years maximum.

3. By the same token, we suggest a more open-minded attitude towards single UK based bidders who offer to purchase Jaguar before flotation. We recommend that, if a single bidder offers greater financial security for Jaguar, short term or long, and is prepared to pay a premium for control, however small, we should take his approach seriously.



ROBERT YOUNG



Policy Unit  
2 April 1984