



Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

PRIME MINISTER

CABEL AND WIRELESS SHARE SALE

*Does the Treasury count  
matter about this - we have  
the T.H. man decided not  
to go to the hands  
no!*

In my minute to you of 25 October, I explained my proposals for a sale of about half the Government's remaining shareholding in Cable and Wireless plc (C&W).

2. I am now aiming for Friday 25 November as impact day. The shares stood at around 260p when John Moore announced to the House on 27 October our intention to sell about half of the Government's shareholding. It has since strengthened and the interim results announced on Wednesday have made little difference to the price, which rebounded after an initial fall, closing tonight at around 295p. The Company is confident that shareholders will approve the Special Share (to which I referred in my earlier minute) at the EGM on 23 November.

3. I firmly believe that we should go ahead on Friday 25 November, and seize the favourable opportunity the market provides.

4. I understand that the next round of talks with the People's Republic of China over the future status of Hong Kong will take place after the share sale is completed, on 7-8 December. Foreign and Commonwealth Office officials have advised mine that the risk of an outcome which would adversely affect public confidence in the Company is not such that HM Government could reasonably be accused of having had foreknowledge which it withheld from prospective investors.

5. I intend that, as with the highly successful BP offer in September, the share sale should be by means of an underwritten tender.



6. I also propose that, once again, arrangements should be made to encourage small shareholders to participate by enabling them to make striking price applications, which would receive preferential allotment in the event of over-subscription.

7. The prospectus will include the following statement on the Government's future intentions for further sales of C&W shares:

"HM Government has no plans at this stage to sell any more of its present holding in Cable and Wireless and will not do so in the next two years".

8. I have not finally decided the size of the sale but my preference is still to sell a little over half of the Government shareholding, that is 110 million shares, to raise approximately £300 million. Market conditions may be such that we will have to settle for a little less and I propose to take the decision in the light of the latest evidence.

9. As in the case of BP, this sale will be conditional on successful sub-underwriting. I propose to arrange for a written answer to be given as soon as this has been achieved. The outcome may or may not be known by the time that the House rises at 2.30pm on impact day. If it is not, the answer will be given on Monday 28 November.

10. I am sending a copy of this minute to Geoffrey Howe, Leon Brittan, Norman Tebbit and Sir Robert Armstrong.

N.L.

18 November 1983

S E C R E T



FUZ

16 (6)

10 DOWNING STREET

*From the Private Secretary*

21 November, 1983

CABLE AND WIRELESS SHARE SALE

The Prime Minister has seen the Chancellor's minute of 18 November. She agrees that approximately 110 million shares in Cable and Wireless can be offered for sale, with impact day being on Friday, 25 November. She agrees that this should be by tender, with prior sub-underwriting, with a striking price facility for small shareholders. She is also content with the wording of the undertaking on future intentions.

I am sending a copy of this letter to Brian Fall (Foreign and Commonwealth Office), Hugh Taylor (Home Office), Callum McCarthy (Department of Trade and Industry) and Richard Hatfield (Cabinet Office).

(Andrew Turnbull)

J. Kerr, Esq.,  
HM Treasury

S E C R E T

(t)

● A.T : Margaret rang -

- did you speak to  
Richard Wilson (HMT)  
re Cable + Wireless?

- £275 min. underwritten  
note.

6.1% Discount

£1.00 left payment  
(which would  
increase the  
discount).

-1730 (D)  
HMT  
- 1st reply

Post + Tel  
(with AT)



10 DOWNING STREET

Prime Minister

This is modelled closely  
on the BP share sale:

- (i) use of a lender
- (ii) a striking price facility  
to small investors
- (iii) an understanding to  
make no further sale  
for 2 years.

Agree these proposals?

Only Clerk

R.P. A.T

18.11.85