

RESULTS OF BRITISH AEROSPACE SHARES
APPLICATIONS AND ALLOCATIONS

<u>No of shares applied for</u>	<u>No of shares allocated</u>
(figures inclusive)	
100-200	100
300-500	125
600-700	150
800-900	175
1000-1900	200
2000-3800	225
4000-9500	250
10,000-20,000	275
more than 20,000	None

There were approximately 265,000 applications for just less than 800 million shares.

The total available number of shares was 146 million of which about 80 million were placed firm with institutions leaving some 66 million available for the public, employees and existing shareholders. So ^{there was} an over-subscription in these terms of some 12½ times. This will be announced to the stock exchange tomorrow at 9 am, and to Parliament in a Statement at 3.30.

J. Appell

Duty Clerk
12 May 1985



From the Minister of State
for Industry and Information Technology

*Tim - I believe you have seen
the text already CST*

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13⁵ May 1985

Tim Flesher Esq
Private Secretary to the
Prime Minister
10 Downing Street
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Dear Tim,

BRITISH AEROSPACE

I enclose a copy of the statement Mr Pattie intends making this afternoon on the sale of the Government's shareholding in British Aerospace.

2 I am copying this letter to the Private Secretaries to the Lord President, the Lord Privy Seal, the Government Chief Whip in each House, the Secretary of State for Defence and the Financial Secretary to the Treasury.

Yours sincerely

Tim Abraham

T P ABRAHAM
Private Secretary

JH1CHS



STATEMENT

With permission, Mr Speaker, I should like to make a statement about the outcome of the joint offer of shares in British Aerospace by the Government and the Company.

Approximately 264,000 applications were received from the general public (excluding institutional priority applications) for a total of approximately 790 million ordinary shares.

Preferential applications were received from shareholders for approximately 23 million shares and from employees for approximately 3 million shares. All such applications will be allocated in full.

Applications from the general public for up to 20,000 shares will be allocated a minimum of 100 shares and a maximum of 275 shares depending on the number of shares applied for. No allocation will be made in respect of public applications for more than 20,000 shares. On this basis, allocations will be made to some 260,000 applicants.

As announced on 1 May, approximately 80.8 million shares, 55% of the total offered shares, have been allocated to institutional priority applicants.

It is expected that dealings in Renounceable Letters of Acceptance in respect of the offered shares will commence ^{tomorrow} on ~~Tuesday 14~~ May.

(B Ae) Privation.

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13 MAY 1995

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REVISE .

STATEMENT

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Q. The success of the sale demonstrates the success of the Government's privatisation policy and the strength of British Aerospace.

A. I am delighted that over a quarter of a million people applied for shares in British Aerospace. This demonstrates the Government's success in stimulating interest in share ownership among a wider public, and the public's confidence in the future of British Aerospace.

Q. Why are some applications being rejected altogether?

A. This is necessary to enable all relatively small investors to receive a reasonable allocation of shares. All but 4,000 of those who applied will be allocated some shares. [It is also in the interests of very large investors themselves. If they were to be allocated any shares their cheques would have to be presented. They would then lose more by way of lost interest than they could hope to gain on the small number of shares they would get.]



Q. Why not allocate all shares to the smallest applicants?

A. Because we wanted to treat everybody fairly, and to achieve the widest possible spread of ownership.

Q. Why is the pattern of allocation diferent than for BT?

A. The pattern of allocation has to reflect the pattern of application. We believe the allocation provides an appropriate balance between preference to small investors and the objective of allocating some shares to as many people as possible.

Q. How many employees applied for shares?

A. About 2,500.



Q. The number of employee applications is disappointing.
Doesn't this show that there should have been financial
incentives for them?

A. I had hoped that more employees would apply. But the Government does not consider it appropriate to offer financial incentives to employees on secondary sales of shares in privatised companies. The minimum application for employees was 50 shares compared with 100 for the general public, and 5 million shares were reserved for preferential allocation to employees.

Q. How many times was the issue over-subscribed?

A. In relation to the total number of offered shares, about $4\frac{1}{2}$ times. [In relation to the number of shares available to the general public after priority applications have been satisfied, about 11 times.]



Q. What has happened about multiple applications?

A. A number of suspected multiple applications have been rejected.

Q. Will suspected multiple applicants be prosecuted?

A. If cases of suspected fraudulent multiple applications come to light, consideration will be given to referring them to the Director of Public Prosecutions.

Q. Will British Aerospace be treated fairly by the Government in relation to defence procurement and export support now that the Government no longer has any interest in it?

A. The Government will continue to treat British Aerospace on the same basis as it treats other companies. There will be no change in the Government's dealings with British Aerospace as a result of the sale of its shareholding in the Company.



Q. The sale will do nothing to increase the Company's efficiency and competitiveness.

A. The Government believes that the normal pressures of the commercial market are the most effective spur to greater efficiency and competitiveness. British Aerospace has operated profitably and competed successfully in international markets during the four years it has been in the private sector. The retention of a Government shareholding in these circumstances would serve no purpose. The restoration of the company to full private ownership can only give a further spur to its efficiency and competitiveness.



Q. Does not the scale of over-subscription indicate that the price was too low?

A. No. It indicates the scale of interest in the Company's shares. One would expect an over-subscription if the price is right. If it had been too high, the offer would have been under-subscribed.

Q. The price was deliberately manipulated downwards by the City shortly before the offer. Should the offer price not have taken account of this?

A. I am satisfied that the price was the right one in the light of the market price in the days before the offer. At the time there was a good deal of comment that the 5% discount was tight.

Q. Why was so much of the offer placed firm with institutions? Doesn't the over-subscription show that this was unnecessary?

A. The offer was a very large one, and I believe the firm placing mechanism was necessary to ensure its success. The placing demonstrated institutional confidence in the offer, which was a factor encouraging retail demand.

Q. Couldn't the scale of demand have been predicted?

A. We were confident that there would be substantial public interest, but the size of demand could not be predicted with any accuracy. Much depended on public and press reaction to the terms of the offer, and on market developments during the offer period.



Q. Was the "good news" immediately before and during the offer (eg 146s for China; SKYNET) deliberately timed to influence the offer?

A. No. The announcements were made in the ordinary course of British Aerospace's business. Negotiations on [146s for China] [SKYNET] had been proceeding for some time and their conclusion recently was entirely coincidental.



DETAILED BASIS OF ALLOCATION

<u>Number of Shares Applied for</u> (inclusive)	<u>Number of Shares Allocated</u>
100 to 200	100
300 to 500	125
600 to 700	150
800 to 900	175
1,000 to 1,900	200
2,000 to 3,800	225
4,000 to 9,500	250
10,000 to 20,000	275

The basis of allocation for British Telecom was as follows:

	<u>Allocation</u>
200 and 400 shares	In full
800 shares	500 shares
1,200 shares	600 shares
1,600 - 100,000 shares	800 shares



LEVEL OF OVER-SUBSCRIPTION

1. In relation to the total number of offered shares (146.8 million). About 4½ times
2. In relation to the total number of offered shares after preferential applications from shareholders have been satisfied (123.7 million). About 5½ times
3. In relation to the shares available after 55% of the offer had been placed firm with priority applicants (66.1 million) About 11 times
4. In relation to the shares available to the general public after 55% of the offer had been placed firm and after preferential applications from shareholders and employees have been satisfied (40 million). About 19 times

In the British Telecom offer, the over-subscription in relation to the total number of shares offered in the UK was about 4 times. In relation to the shares available to the UK public after 55% had been placed firm with priority applicants it was about 10 times.

that violence on and off the field began when big bonuses were given for winning. Would it not be right to examine this aspect in the inquiry? Is it not worth considering imposing a levy on transfer fees, because high transfer fees add to the financial tensions in the game? That measure would be helpful.

Mr. Brittan: I am grateful to my hon. Friend for those further suggestions.

Mr. Denis Howell (Birmingham, Small Heath): It is understandable that most of the questions have been concerned with the great tragedy at Bradford, but it would be unworthy of the House if hon. Members did not spend a little time on the serious law breaking at St. Andrew's on Saturday, which I witnessed. On that occasion, 96 policemen were injured and at least 1,500 people were on the pitch making a deliberate assault on the peace of the realm and the good order of our society—a serious situation which one never thought one would see in British sport. I therefore ask the Home Secretary to consider some matters arising from that incident.

The police were grossly outnumbered by between 600 and 700 law breakers on each side. The police deserve the highest praise for keeping the opposing armies apart and for preventing a general conflagration. We must ensure that two sets of sportsmen are never allowed again to create a situation—

Mr. Brittan: They were not sportsmen.

Mr. Howell: So-called sportsmen. Two separate and repeated baton charges by the police were required at both ends of the ground simultaneously over a period of 35 minutes. That was the extent of the disorder that occurred in Birmingham on Saturday, which I had the misfortune to witness, along with many other decent people, who were horribly sickened by it all.

Will the Home Secretary consider the concerted action by some of these league troublemakers, which was well planned and known in advance? There was excellent co-operation between the Leeds and the West Midlands police forces, but that was not enough to deal with the problem. We must ensure that, in such circumstances, people bent on disorder are not allowed to travel this country to break the law. I hope that the inquiry will take account of that point.

My right hon. Friends and I are concerned about the fact that there is to be only one inquiry. The Home Secretary is wrong to limit the terms of reference to the Bradford and Birmingham occurrences. [Interruption.] The terms of reference of the inquiry refer to Bradford City and Birmingham City football grounds, unless the terms have been changed since I received a copy. During the past two months there have been similar incidents on the Notts County, Luton and Chelsea grounds. Will the inquiry take all of those disorders into account, as it should, although they are not within its terms or reference?

The right hon. and learned Gentleman's statement did not refer to the Prime Minister's ministerial committee. I hope that that committee has not been superseded. How does the Home Secretary see the relationship between the two inquiries?

In view of the serious issues of law and order and public safety, how long will it be before Mr. Justice Popplewell reports? This is of the greatest importance if Mr. Justice

Popplewell's recommendations, which are bound to be costly, are to be put into effect in time for the beginning of the next football season.

Like the Scarman inquiry, will the Popplewell inquiry have available to it specialist advisers to consider the questions that need to be examined including how advance information and intelligence are obtained, the use to which they are put, how these incidents are exploited and how they can be prevented. Most importantly, will Mr. Justice Popplewell examine the deeper social significance of an occasion when so many hundreds of people go to a game bent on trouble? Will he consider why these difficulties persist in arising in our society?

Will the Government again look at the Chester committee's report, which recommended the creation of a football levy board? This is essential. The Home Secretary has said that the trust provides 75 per cent. of the cost of designation, but that is inadequate in view of the cost of the major structural alterations that will be required.

The right hon. and learned Gentleman referred to perimeter fencing. There is a dilemma between ensuring that those whom one does not want to be on the pitch are kept off and allowing thousands of people to use the pitch in an emergency as the only reasonable point of evacuation. Some of the gates in some perimeter fences do not match the requirements. The right hon. and learned Gentleman probably realises that and will do something about it.

Finally—[Interruption.]

Mr. Speaker: Order.

Mr. Howell: These are very important matters of law and order. They are distinct from questions of safety, and they justify our view that there should have been two statements.

Finally, will the Home Secretary convey our concern to the football authorities? Will he ask them to consider whether, where necessary the kick-off for important matches should be in the morning, and whether clubs whose travelling supporters have bad records should have all-ticket away matches? Most importantly, will he ensure that the licences are withdrawn from those proprietors of minibuses and coaches carrying football supporters who are seen—I understand that this happened on Saturday—to stop at supermarkets and pubs to load up with drinks?

Mr. Brittan: The right hon. Gentleman will be aware of the announcement that has been made about the Government's notices of intentions.

I take note of what the right hon. Gentleman said about the Chester committee's recommendations.

The most significant points made by the right hon. Gentleman relates to the events at Birmingham. He was right to draw attention in a very vivid way, in his accurate account of events, to the magnitude and horror of what occurred there.

As for the right hon. Gentleman's comments on the announcement, if he has time to look more closely at my statement he will see that the terms of reference of the inquiry are wider than he perhaps realised. Although the inquiry is invited to consider matters with particular reference to the events at Bradford City and Birmingham, that is not all that it is entitled to do. It is invited to look at the matter very much more broadly.

Mr. Brittan]

The right hon. Gentleman asked about the inquiry having technical assistance. At a later stage in my statement I said:

"I shall arrange for the chairman to be assisted by appropriately qualified assessors . . . and to have available such technical advice and support as he requires."

As for the relationship between this inquiry and the measures agreed between the football authorities and the Government at No. 10 Downing street, I stressed towards the conclusion of my statement that the measures announced were

"additional to those announced on 1 April after the meeting at No. 10 Downing street with the football authorities" and that the programme of measures agreed there must go ahead with renewed urgency.

British Aerospace

4.51 pm

The Minister for Information Technology (Mr. Geoffrey Pattie): With permission, Mr. Speaker, I should like to make a statement about the outcome of the joint offer of shares in British Aerospace by the Government and the company.

Approximately 264,000 applications were received from the general public, excluding institutional priority applications, for a total of approximately 790 million ordinary shares.

Preferential applications were received from shareholders for approximately 23 million shares and from employees for approximately 3 million shares. All such valid applications will be allocated in full.

Valid applications from the general public for up to 20,000 shares will be allocated a minimum of 100 shares and a maximum of 275 shares, depending on the number of shares applied for. No allocation will be made in respect of public applications for more than 20,000 shares. On this basis, allocations will be made to some 260,000 applicants for a total of some 40 million shares.

As announced on 1 May, approximately 80.8 million shares, 55 per cent. of the total offered shares, have been allocated to institutional priority applicants.

It is expected that dealings in renounceable letters of acceptance in respect of the offered shares will commence tomorrow.

Mr. John Smith (Monklands, East): Why is the language of the Minister's statement so contorted and convoluted that it is not possible to discover from it the amount that was raised in the sale? Was not the amount £550 million, and did not 55 per cent. of that go to the preferential institutions, with apparently only 2 per cent. finding its way to the employees, despite the Government's often-professed intention that shares should go to employees?

Are the Government somehow ashamed to reveal the total amount raised in the sale because of the increasing public perception that this is an exercise in selling off the furniture to pay the rent—that the money goes into the maw of the Treasury and is squandered by the Government while the public lose the prospect of future profits from a shareholding?

Have not the Government yet realised that they have finally betrayed the promise which they gave the House of Commons during the passage of the legislation that they would retain 25 per cent. of the shareholding?

The Secretary of State for Trade and Industry (Mr. Norman Tebbit): Not again.

Mr. Smith: The Secretary of State for Trade and Industry shakes his head and says, "Not again." It is not surprising that the House of Commons should remind Ministers about their breaches of promises to the House. We shall continue to remind the Government that they gave a solemn undertaking to retain 25 per cent. of the shareholding to preserve the British national interest and that they have evacuated and abandoned that commitment.

Mr. Pattie: On that last point, the right hon. and learned Gentleman asked a similar question on 1 May. The answer that he was given then, he will not be surprised to know, has not changed since. The undertaking given by the Government in 1981 was to safeguard the national

into. That has been done by the special share, the details of which are set out clearly in the prospectus, which I invited the right hon. and learned Gentleman to read. He seems to be seizing with some delight on the number of employees who have applied. I should have thought that 3 million shares applied for by the employees was a pretty satisfactory return.

I can tell the right hon. and learned Gentleman that 250,000 people have applied for shares—as well as the 89 per cent. take-up by existing shareholders—which is an indication of the confidence of people in the company. That is what it is all about.

Several hon. Members *rose*—

Mr. Speaker: Order. I remind the House that this is a private Members' day. I shall call all those hon. Members who have been seeking to catch my eye, but I ask them to put their questions as briefly as possible.

Sir Edward Gardner (Fylde): Is my hon. Friend aware that there is considerable anxiety among those of my constituents who are employed at the British Aerospace division at Warton about job prospects and particularly about the future of the proposed European fighter aircraft? Is he able to say at this stage what he anticipates will be the effect of the sale of the Government's residual shareholding on job security at Warton and also upon the international negotiations that are taking place about the future of the European fighter aircraft?

Mr. Pattie: The sale which has been announced today will not adversely affect the job prospects of his constituents, about which he is rightly concerned.

I do not think that the specific outcome of forthcoming negotiations arise from my statement today.

Mr. Dennis Skinner (Bolsover): Will the Minister give the House a guarantee that no shares have been sold to foreign nationals, say, Libyan, Argentine or those of any of the other countries that have been involved in disagreements with British nationals during the course of, say, the past two or three decades?

Mr. Pattie: If the hon. Gentleman is asking me whether the nationals of any countries that he likes to name have bought shares, obviously I cannot give any such guarantee. If they are free to deal on the stock market, they are free to buy shares. The national interest is wholly safeguarded by the special share and also by the references to the Monopolies and Mergers Commission which are built in.

Mr. Timothy Wood (Stevenage): I congratulate my hon. Friend because I, with 9,000 British Aerospace employees, am delighted that the share sale has been such a success and, furthermore, that we have 260,000 shareholders now taking an interest in the company. I believe that that is excellent for the future of British Aerospace.

Mr. Robin Corbett (Birmingham, Erdington): We all owned it before.

Mr. Pattie: I am grateful to my hon. Friend.

Mr. Tony Marlow (Northampton, North): Will my hon. Friend say how many employees have shares and what proportion they represent of the total labour force? Will he also say a little more about the basis of allocations? If someone applies for 2,000, 1,000 or 500 shares, how many will he get?

Mr. Pattie: About 2,500 members of the work force have applied for the approximately 3 million shares. That figures relates to a total work force of, say, 70,000 in round figures.

My hon. Friend asked me for the share allocation basis. Those applying for between 100 and 200 shares will have 100 shares allocated to them. Those applying for between 300 and 500 will receive 125. Those applying for between 600 and 700 will get 150. Those applying for between 800 and 900 will get 175. Those applying for between 1,000 and 1,900 will get 200. Those applying for between 2,000 and 3,800 will get 225. Those applying for between 4,000 and 9,500 will get 250. Those applying for between 10,000 and 20,000 will get 275. Those applying for more than 20,000 have had their allocations and applications rejected.

Mr. Tony Banks (Newham, North-West): Will the Minister be taking any steps to monitor what happens to the shares after British Aerospace employees have them, to make sure that the Government's original aim is still being maintained? Does he think that many of them will want to make a quick profit, which is what his friends in the City will be doing?

Mr. Pattie: Not if the experience of British Telecom is followed. No doubt the hon. Gentleman would like to see that happen. To the best of our knowledge, 1.7 million individual shareholders have still retained their shareholding in that company.

Mr. A. J. Beith (Berwick-upon-Tweed) *rose*—

Mr. Robin Corbett (Birmingham, Erdington) *rose*—

Mr. Speaker: Order. I do not know whether both hon. Gentlemen were here when I said that I would not call any hon. Member who had not been standing. However, I shall call the hon. Member for Berwick-upon-Tweed (Mr. Beith).

Mr. Beith: As the share allotment was the only new information in the statement, will the Minister accept some congratulation that he so geared the allotment that small shareholders will get shares, and some large shareholders will get none?

Mr. Pattie: That was the Government's deliberate intention, as we wish to encourage wider share ownership.

Mr. Corbett *rose*—

Mr. Speaker: Order. We must move on.

Board and Lodging Allowance

5.1 pm

Mr. Stan Thorne (Preston): I beg to ask leave to move the Adjournment of the House, under Standing Order No. 10, for the purpose of discussing a specific and important matter that should have urgent consideration, namely, "the problems of the young unemployed caused by statutory instrument No. 613, which has been effective since 29 April."

The problems of the young unemployed who rely on lodging allowance have been made acute by this statutory instrument. It is estimated that between 50,000 and 85,000 people nationally will be rendered homeless by this measure. Some young unemployed will be reduced to squatting, to living rough or to moving from place to place. This is yet another serious social problem directly arising from the Government's action in cutting benefits to the needy. The north Lancashire synod of the Methodist Church, for example, has passed an urgent resolution calling on the Government to rescind or modify these new social security measures.

Such measures jeopardise young people's right to vote, as it becomes increasingly difficult for them to register. It adversely affects their right to register with a doctor. Besides the 50,000 to 85,000 who may be affected by this measure, 100,000 people between the ages of 26 and 65 who are unemployed and in receipt of lodging allowance may also be affected and rendered homeless.

When this subject was debated early in April, the Minister replying to the debate said that there was a possibility that he would reappraise the measures contained in statutory instrument No. 613, which has now been issued. I urge you, Mr. Speaker, to permit this debate as a matter of urgency, because many young people will be affected within the next two or three weeks. In my area, young people have four weeks since 29 April, after which they will be ejected from their lodgings and become homeless. Therefore, this is an urgent problem from north to south of the British Isles.

Mr. Speaker: The hon. Member for Preston (Mr. Thorne) asks leave to move the Adjournment of the House for the purpose of discussing a specific and important matter that he thinks should have urgent consideration, namely,

"the problems of the young unemployed cause by statutory instrument No. 613, which has been effective since 29 April."

As the hon. Member knows, the decision that I have to take is whether this matter should have precedence over the business set down for today or tomorrow. I have listened to what he has said, but I do not consider that the matter that he has raised is appropriate for discussion under Standing Order No. 10 and, therefore, I cannot submit his application to the House.

5.3 pm

Mr. Richard Ottaway (Nottingham, North): I beg to move,

That this House strongly endorses the need to protect the essential rights and liberties of the individual citizen, while recognising the vital need to preserve order and stability in our society.

Mr. Speaker: As we have a late start and six Back-Bench Members have asked to take part in the debate, and there may be others, I ask for short speeches in the hope that nobody will be disappointed.

Mr. Ottaway: There is nothing new about the House debating civil liberties, and I do not move the motion in a pioneering sense. Since the days of Magna Carta, which protected Parliament from the King, and the Bill of Rights, which ensured that barons were tried by barons, there have been many advocates of civil liberties and human rights. In the post-war years of the Attlee Government, British support for the European Convention on Human Rights was backed by such eminent Members as Sir Winston Churchill and Lord Stockton from my party, and Ernest Bevin and Lord Layton from the Opposition parties.

In the 1960s, there was much pressure for the right of individual petition to the European Court of Human Rights and, latterly, alliance Members have moved ten-minute Bills in support of incorporation of the European convention into British law. Throughout this period there has been a keen awareness of the need to ensure that legislation recognises the individual's rights and liberties. Accordingly, although the House has not debated the subject for some time, I do not feel that I am trail blazing.

My interest in moving a motion such as this was sparked off by an event that, in many senses, has had a far reaching impact on civil liberties, and has rent the civil liberties movement asunder. I refer to the coal strike, which has had so much impact on my constituency, which forms part of the Nottinghamshire coal field. I have in my constituency Babbington colliery, which is one of the oldest mines in the country. Like all other pits in the Nottinghamshire coal field, it continued to work throughout the strike. The House is aware of the scenes that characterised the dispute, and Babbington colliery was not spared. On two occasions, large numbers of pickets appeared at the front gate, and their behaviour was such that one was led to believe that the object of the exercise was to prevent miners from getting to their place of work.

On the first occasion it is estimated that some 2,000 pickets turned up, split themselves into two groups and then made co-ordinated charges at the police at the gate. At first, there were about 40 policemen, who were rapidly reinforced. In spite of the pickets' efforts, approximately two thirds of the men made it into the pit, largely thanks to the police, who were able to impose control and protect my constituents' right to work. Subsequent discussions with my constituents showed that many of them were most concerned not only about their safety but about that of the police.

On the second occasion, the police, in anticipation, had set up a checkpoint on the M1 about half a mile from the mine. However, the pickets circumvented it by abandoning their cars on the hard shoulder of the motorway and walking across the fields to the pits. Such