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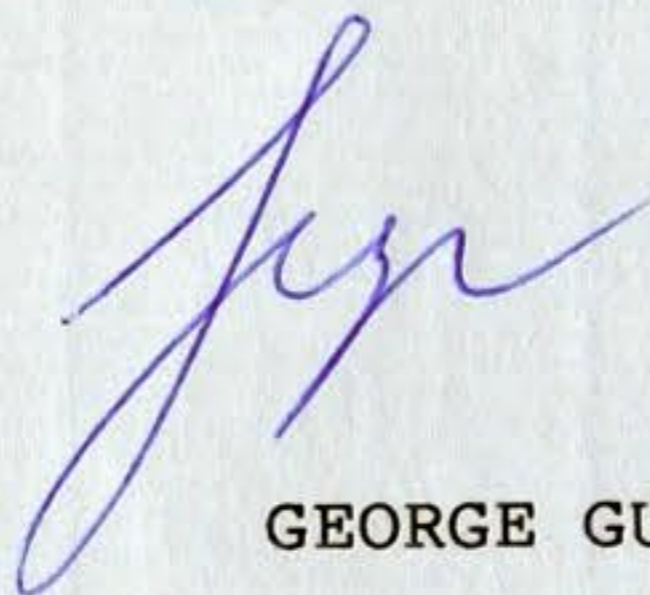
MR GRAY

22 April 1988

MACKIE'S

I am not sending the Prime Minister a brief on this because, having read the papers, I can see no commercial case at all for putting any money in. This is reinforced by the failure of NIO to find any commercial investors, even 3i.

If E(A) wishes to support Tom King by propping up Mackie's then it must be regarded as a purely political investment. Given that, the mechanism proposed has some cosmetic benefit in that Mackie's will not technically be state-controlled. Nevertheless, I would not put high stakes on the second and third tranches of the investment coming from private resources.



GEORGE GUISE

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