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DEPARTMENT OF TRANSPORT
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11 MAY 1987

The Rt Hon Norman Lamont MP
Financial Secretary to the Treasury
HM Treasury
Treasury Chambers
Parliament Street
LONDON
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NBM.

Dear Norman.

BAA PRIVATISATION

We have already agreed that in the event of a June Election we should seek to sell BAA plc in July, and I have told Sir Norman Payne that that would be our intention. We now need to decide urgently the impact day for the BAA sale in the event of a June Election. I understand that, without consulting my Department, the Treasury have booked 15 July in the Bank of England queue. I would hope to persuade you that the earlier date of 8 July is preferable.

My advisers see two main difficulties with a 15 July impact day. First, I understand that there is a large private sector issue scheduled for 14 July. If that goes badly and has a negative effect on the market, then it would affect BAA sale proceeds.

A 15 July impact day would also mean that dealings would not commence until 4 August (or possibly 6 August, if we operate a partial tender). That is the peak of the holiday season, and could endanger our wider share ownership objectives. Smaller investors might be deterred from applying if they were not receiving their allocations and returned cheques until after they had gone away on holiday.

I have satisfied myself that the 8 July impact day is feasible, provided that certain preparations are made during the Election period, officials are authorised to resume intensive activity on the flotation immediately the result of an Election is known, and an Election is held no later than 11 June. If an Election were called for 18 June, I accept that the impact day would have to be 15 July. In that case, I would hope that the Bank might move the major private sector issue scheduled for 14 July.

I am sending copies of this letter to the Prime Minister, Chancellor of the Exchequer, Secretary of State for Trade and Industry and to Sir Robert Armstrong.

JOHN MOORE