

FILE



10 DOWNING STREET

cc: HMT
D/Energy

THE PRIME MINISTER

24 November, 1982

Dear Mr. Wilmot-Sitwell,

It was kind of you to write with your views on the result of the Britoil flotation.

I entirely agree with much of what you say. We have achieved our objective of privatising Britoil; and in doing so we have obtained a very fair price for the shares. We have also raised some £625 million, which would otherwise have had to be raised by additional taxation or additional borrowing. We shall certainly not be dissuaded by the Britoil experience from further privatisation issues.

Again, it was good of you to write. I was much interested in your view of the matter.

Yours sincerely
Margaret Thatcher

P. S. Wilmot-Sitwell, Esq.

MT

CF
Thank
I think we had better keep this in CF.
ADJ 25/11/82
Energy



FILE

DG

10 DOWNING STREET

From the Private Secretary

24 November 1982

Dear Julian,

I attach a copy of an exchange of correspondence between the Prime Minister and the senior partner of Rowe and Pitman, lead brokers to the Britoil flotation. I am sending this to you for your information only.

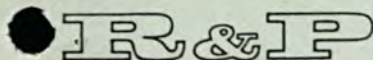
I am sending a copy of this letter and its enclosures to Margaret O'Mara (HM Treasury).

Yours sincerely,

Michael Scholar

Julian West, Esq.,
Department of Energy.

CW



Prime Minister

An interesting letter

ms 23/11

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22nd November, 1982.

PSWS/PAR

The Rt. Hon. Mrs. Margaret Thatcher, M.P.,
10 Downing Street,
London, S.W.1.

Dear Prime Minister,

As senior partner of Rowe & Pitman, lead brokers to the Britoil flotation, I thought it might be helpful if you had my views on the result of this issue and of its implications for future Privatisation issues.

My views are as follows :

- (i) The Government achieved what we understood to be its main objectives of (a) privatising Britoil and (b) obtaining the maximum possible price, within reason, for the shares. In that sense the flotation was a success.
- (ii) The City played a full part in this success. As lead brokers, with a balancing act to perform, we may possibly have attached more weight to our obligations to you, the vendor, than to our relationship with our institutional clients, the underwriters, who count on us not to "take them for a ride." However I believe that the underwriters do not feel that they have been taken for a ride and that at the time of decision the price was considered perfectly reasonable. We were simply overtaken by adverse news between the date of sub-underwriting and the date of application.
- (iii) I can assure you that I would only say this to you privately (despite certain comments in the Press) but I do not believe that the tender method was suitable for this particular issue (although there are undoubtedly occasions on which it should be used). Anyway, in the event, I doubt if the result would have been much different if we had used the fixed priced method (at 215p).

- (iv) I believe that you should not be dissuaded by the Britoil experience from further privatisation issues. Certainly the five firms of brokers, and my friends in the merchant banks, feel we have jointly done a good job for you and are prepared to stand up and do it again.
- (v) On the question of small shareholder involvement I would make one point. This is that if there is not an obvious short-term profit to be made, the new issue process is probably too quick to attract the small investor in large numbers. But over time they will come in. In a year or two's time the Britoil share register, in my opinion, will contain numerous individual names.

I do hope you do not mind my writing to you like this but I thought that the first impressions of someone who was very much at the sharp end of this particular operation might be useful. If you would like me to discuss it further either with you or with one of your colleagues I will be very happy to do so.

In the meantime all of us at Rowe & Pitman wish you continued success in your endeavours.

Yours sincerely,

Peter Wilmot-Sitwell

P.S. Wilmot-Sitwell