

The Staff Newspaper of British Caledonian

BA ASKS FOR A SECOND SHAREHOLDERS TO DECIDE

A POSITIVE verdict giving British Caledonian shareholders control in deciding the airline's future has been given by the Civil Aviation Authority.

In a letter to BCAL Chairman, Sir Adam Thomson, the Authority has indicated that it cannot find grounds for referring a reconstituted BCAL to the Secretary of State for Transport on the grounds of ownership or control as the offer stands at present.

The CAA had been considering whether the SAS proposal to acquire a minority stake in British Caledonian would affect the viability of BCAL's route licences.

But with the British company Investors in Industry holding the largest single shareholding in the reconstituted BCAL, it indicates that the SAS proposal has not been seen as a threat to the sovereignty of British air traffic rights.

Welcoming the CAA's decision, Sir Adam said, "It upholds our belief that there is no question of control passing away from the UK should the SAS investment and associated capital restructuring be accepted by our shareholders."

"We are delighted that the entire question of the future of BCAL will be decided by our shareholders alone."

After the CAA's announcement, British Airways revealed that it intended to apply for the revocation of all BCAL's licences if its bid succeeded.

BA block

However, BCAL does not believe there are grounds for BA or any other airline to invoke this procedure, and the Board is confident that any application will be unsuccessful. BA has disclosed that it is its plan is a blocking move against the SAS investment. BCAL's lawyers were assessing the matter over the weekend.

If the SAS deal goes ahead, it will create a unique twin-bid, supra-national airline association.

The Scandinavian bid is part of a recapitalisation of the BCAL Group and involves a cash offer worth £110

million for a 26.14% stake in BCAL.

In addition, a further £50 million of share capital has been offered in two rights issues underwritten by British investors, a trust acting for BCAL employees and SAS.

Within hours of the SAS bid, British Airways financial advisors, Lazarus Brothers, announced that BA would increase its cash offer to one valuing BCAL at approximately £200 million for a 100% holding.

The new BA offer will not become official until details are posted to BCAL shareholders and the BCAL Board will respond in due course.

No action

In the meantime, shareholders are being advised to take no action whatever in responding to offer proposals they may receive.

In its offer, SAS has made a bid to purchase 26.14% of the existing BCAL ordinary shares for £20.44 each at a total cost of £110 million.

In addition, BCAL will be recapitalised by a further £50 million through two new rights issues of share capital.

£30 million will be underwritten by British investors and a new BCAL

which, in this case, will pay 10.25% interest per year.

Under the conditions of the BA proposal, these loan notes will be exchanged for cash by January 1988.

The terms of the share offer remain unchanged and provide for a share exchange of 115 new ordinary BA 25p shares for every 22 BCAL ordinary £1 shares.

British Airways' new bid will not become official until it is posted to shareholders.

Shareholders are advised to wait

SHAREHOLDERS in British Caledonian will have until the New Year to decide which of the offers so far made for the company's shares to accept.

With British Airways' announcing a revised offer, now later "deadlines" will apply for both reconstituted shareholders and for participants in the Profit Sharing Scheme. These will be advised to staff shareholders as soon as the formal documentation regarding the BA revised offer is issued.

The offer from SAS will be posted to all shareholders within the next few days.

In the light of the revised BA offer, the BCAL Group Board will meet to consider the new BA proposals as soon as possible. Before making any decision, therefore, all shareholders have been advised to wait until the BCAL Board has made a further recommendation. This will come in the form of a special letter of advice.

A precise date as to when a deal will be finally concluded with either of the respective bidders is not possible to determine.

However, it is expected that there will be firm indication of BCAL's future development path by early in the New Year.



■ BCAL Chairman, Sir Adam Thomson and SAS President, Jan Carlson announce the completion of a unique agreement that could see the Scandinavian Reg carrier taking a partial shareholding in the British Caledonian Group.

What they are saying...

AS NEWS of the bid by SAS for a partial share of BCAL was announced, comment from Parliament, industry and the media came thick and fast as opinion upon the move gathered pace. Among the views put forward, were:

"The Government should put the interests of the customer first in any ruling over the future of the company. It is unfair to treat the SAS offer as tantamount to nationalising the airline." — Robert Adley, Vice-Chairman of the Conservative Transport Committee from a letter to Mr Pugh Channon, Transport Secretary and Mr Christopher Tugendhat, Chairman of the CAA.

"If SAS were allowed to go ahead, it would lead to tears in the future because when extra capital is required it will raise the issue of whether SAS exerts control. I predict there will be a long and bloody war and BA will win it." — Mr Norman Tebbit, former Conservative Party Chairman.

"The Government should be acting to preserve up to 3,000 jobs threatened by redundancy, to preserve competition among domestic airlines and to allow the workforce to take a stake in the enterprise in which they work." — Labour's Bryan Gould and Robert Hughes in a joint statement which went on to accuse Mr Tebbit and Mr Channon of "ganging up" against Lord Young, the Trade and Industry Secretary, in favour of the BA bid.

"No ministerial interference with the CAA to prevent the shareholders making a decision in the interests of a strong, second-force airline in Britain and competition for the consumer." — Liberal leader, Mr David Steel.

"The Air Transport Users Committee very much prefers the SAS link-up with BCAL than the merger with BA. The SAS deal maintains BCAL as a scheduled carrier and this means that travellers would still benefit from a competitive situation. Even the new BA bid does not match the opportunity presented by the SAS deal from the users point of view." — John Cox, Chairman of the Air Transport Users Committee.

"BA's near monopoly would be bad for passengers and still worse for the image of privatisation. The SAS bid is twice as generous to BCAL shareholders as BA's bid, but, more importantly, it holds out the hope of real competition against BA, which is good news for passengers. It now looks likely that the CAA will give the green light to the SAS bid." — Evening Standard, leader comment.

"Lord King is not accustomed to escape, moreover BCAL is objectively worth more to BA than it is to SAS. The CAA's final staff having to make a recommendation which is liable to determine how much BA has to pay to win control of BCAL. This is an inappropriate role for a regulatory agency to play." — Daily Telegraph, leader comment.

"There is no doubting what the CAA should decide about the Scandinavian Airlines System partial share offer for BCAL. It should decide against it. And if it lets the deal proceed, it should strip BCAL of route licences it now holds by dint of being British." — Daily Express, leader comment.

Unions back SAS

STAFF representatives from both the Engineering and Maintenance, and Supervisory and Administrative Staffs panels would offer the support from Scandinavian Airlines System for a minority holding of BCAL.

The two panels said in a joint statement on Thursday night:

"We feel that the monetary offer more fully reflects the true value that the staff have given to our company.

"The opportunities that this link-up offer are exciting and would give all the present staff a secure future working for the airline they want to work for.

"SAS understand the importance of good Industrial Relations and the principle of "People Matter". That, combined with our present Board commitment to the "Way Ahead", bodes well for all our futures.

"David Colman said today that the Joint benefits to both the staff and company of the "Way Ahead" would continue and that solutions to the problems of introducing into those sections of BCAL who are not currently operating this system must be found.

"We feel that the SAS offer is a better alternative than the current British Airways one."

BA submits revised offer

BRITISH Airways has made a new £200 million cash offer for BCAL in response to the bid made by SAS.

This is almost double the previous cash bid tabled two weeks ago which valued BCAL at £110 million.

BA's increased offer provides the alternatives of cash or an exchange of shares as before, but with the new choice of a loan note alternative as well.

Loan notes offer shareholders the option of exchanging their cash entitlements for securities



Geoff Brown, Club Treasurer, announces the Jackpot tally of £21,200 worth of cash prizes awarded this year in the Wingspan's Draw scheme.

Students warm to knitwear scheme

'Individuals' is in the knitwear retail business — and that's official! A group of YTS students at BCAL have formed the company 'Individuals' under the 'Young Enterprise Scheme' and is successfully selling a range of fashionable woollens.

The Young Enterprise Scheme is an educational organisation sponsored by the Midland Bank, aimed at the youth of today, to enable them to gain practice in business management by organising and operating their own companies. This is done under the guidance of volunteer advisers.

Each company is composed of fifteen to twenty members. The capital of the company is raised by way of loans to manufacture a product or service. The companies are of small scale but are run and organised as any other business.

The BCAL company 'Individuals' is being run by 12 YTS students led by Gill Eason and Guy O'Riordan. It sells individually designed knitwear by Karen Pickley of Haywards Heath who has herself just begun to venture out into the world of industry.

The first major marketing event for 'Individuals' is a fashion show which will be held on December 2 at the 'Wingspan Club'. The model parade will begin at 8.00pm after the doors open at 7.30pm. The show will be sponsored by Gordons Gin and feature 'Individuals' Wild & Woolly Knitwear, Abizalis, Scamps, Sweeney & Todd, Knitability, and Chic.

Success for games night

The Club's Pub and Games night last month, in which 22 teams took part, proved "a great success" in many ways than one.

More than £100 was raised for the Golden Lion Children's Trust and the support was so encouraging that Club officials are already planning a re-match.

For the record, a total of £24 was raised from the Wingspan's annual Guy Fawkes night — well over the target set by delighted Club officials.

The money will go towards funds to buy a coach for the Variety Club which will bear the Wingspan's name when it enters service to provide transport for handicapped children travelling on holidays and outings.

CAA opens way

(Continued from page one)

employee trust, while the remainder will be guaranteed by SAS itself.

The proposals maintain Investors in Industry as the largest single shareholder in BCAL with a 23.53% voting stake.

SAS' proportion of voting shares will be a little lower at 23.5%.

In the expansion of BCAL employee investment, staff will collectively have an additional 7.19% voting stake in the reconstituted company. This will increase the total employee shareholding to about 10%.

Should SAS take up the entire £20 million underwriting for which it is responsible, the Scandinavian airline will be able to increase its voting stake to 40% as soon as regulations allow.

The remaining shares split will result in existing shareholders maintaining a 33.8% holding while new investments will account for 11.98%.

It remains open to SAS and the other investors to raise their offer in the light of developments.

Roll up for Wingspan's grand Christmas draw

The Wingspan Club's bumper Christmas draw, in which one lucky member will walk away with a £1,000 cheque, is to be made on Tuesday, December 22 at 1pm.

The Christmas draw will be the largest of those made in 1987, a year that has seen the Club's total pay-out reach £21,000 since the scheme was launched in July '86.

Although it is now too late to join the queue for the £1,000 Christmas 'Borser', the Club would still welcome an application to join their scheme.

Lan Cox, the club's GM, explained: "For only 2 pence a day, the club's cash prize draw offers unbeatable value when compared to other similar schemes. And who would refuse the opportunity to pick up a grand for Christmas?"

The Club launched the new-style Prize Draw in July last year. Since then we have paid out over £21,000, the facility to subscribe to it through the payroll system is available to BCAL staff who are fully paid up Wingspan members.

The Scheme is split into a weekly draw with bonanza prizes on the seventh and 13th weeks. Obviously the more participants, the higher the prizes.

Seasonal reminder from Staff Travel

STAFF TRAVEL has issued an urgent reminder to employees on opening boxes for the Christmas period and regulations concerning travel for student children.

All BCAL Staff Travel office facilities will close for the afternoon of Friday December 18, and all day on Christmas and Boxing Day and New Year's Day. From December 29 to 31, the office will be open between 10.00am and 4.00pm.

In re-confirming procedures for student travel, Staff Travel has emphasised that once a child on an employee travel card reaches the age of 21, the card must be returned to personnel records for the name to be deleted.

When continuing full-time education, however, they may continue to travel on BCAL services up to their 26th birthday. In such cases, a letter is required each academic year detailing the college/university, sent direct to the Staff Travel Supervisor.

Among Special Offers available for BCAL Staff is holiday accommodation at Centre Parc, a quality holiday village in Sherwood Forest. Rates are as follows for "Valentine Weekends" (Friday February 12th-15th):

- One-bedroomed villa £131 (2 persons)
- Two-bedroomed villa £166 (4 persons)
- Three-bedroomed villa £189 (6 persons)
- Four-bedroomed villa £205 (8 persons).

The same rates apply for the period February 15-19, and holidays can be booked direct with Centre Parc on 0623 824242.

Employees are required to have invites validated by Staff Travel. Retired staff are eligible, and staff with less than one year's service. The only restriction is that nominees must be accompanied by the employee. Copies of the Centre Parc brochure are available in the Staff Travel Office.

Staff Travelling to Toms are reminded that 100% discounted tickets are not exchangeable to other carriers. They should ensure before leaving Gatwick they have the necessary I990 back-up tickets for their journey as there is no facility for issuing tickets at Toms Airport.



Special winter wine offer

A SPECIAL Christmas bargain for Wingspan members offers cases of selected wines for just £22.

Available are the following wines priced at £22 per case of 12 bottles: Correll Seave — a light, dry white produced in Italy; Rheinzweig Liebfummler — a fruity, medium white produced in Germany; Vin Du Patron Rouge — a red table wine produced in France.

Interested? Then complete the form below and return to Lan Cox, General Manager Wingspan Club. Collections can be made, following receipt of the cheque from the Clubhouse. Forms for Christmas offers should be returned as soon as possible to avoid disappointment.

Name _____

Department _____

Extn No _____

No of cases _____

Cheque enclosed for £ _____

Marathon triumph for staff



ANTHONY MARSDEN — International Advertising & Promotions Campaigner successfully completed the New York City Marathon last month, a fine feat of 26 marathons, and a new record 21.96 hours. He said "It was a fantastic marathon with a record 21,290 finishers, including 123 British Airways UK and 1 BCAL runner complete!"

A former BCAL engineering trainee who spent three months with the airline as part of an aeronautical engineering course at Hatfield, has won a Design Council Award, and a cheque for £500, for designing a new racing economy class aircraft seat.

Tony Field, from Tombridge Wells in Kent, who spent the second of three industrial training exercises with BCAL during his year long Hatfield course, penned a design that won the approval of top designers and aircraft engineers. BCAL included Engineering's Ray Astbridge, who was responsible for Tony's activities during his Gatwick secondment, told BCAL News:

Design Award for trainee Tony

"I believe Tony's design sets new standards in terms of safety, comfort and quality. It was a brave move to enter an area that is already brimming with talent, but he succeeded."

"Whether we will see his seat aboard an aircraft one day remains to be seen — that's largely up to him," he added. Twenty-two-year-old Tony who now works full time with Rolls Royce's Helicopter Division at Watford said: "My short secondment to BCAL at Gatwick was certainly one of the most enjoyable periods of my Hatfield course. I am indebted to the Engineering team for taking such a close interest in my project."

Share deal for staff

THE SAS proposal incorporates an announcement of the formation of a new scheme to be operated for the benefit of employees. The scheme is to be known as the British Caledonian Share Ownership Plan. The Plan will operate through a Trust of which Peter Atkin, Company Secretary, Roger Marshall, Group Finance Executive and Tony Maddams, Group Taxation Manager, are the present Trustees.

The Trust has agreed to acquire up to £12 million worth of new Preference Shares to be issued under the new recapitalisation proposals announced by the Company this week.

It will represent an investment in the Company after the financial restructuring of 7%. Assuming all eligible shares are offered by employees to take up the proposals, being conditionally recommended by the Board, the interests of employees in the Company would increase to approximately 10% with the creation of the Employee Share Ownership Trust.

It is proposed that, should the Employee Share Ownership Plan, details of which will be announced shortly, be approved, it will be able to either buy shares from the new Trust as well as receive them under the existing profit-sharing arrangements. The arrangements would apply to all employees and full details of the Plan will be announced as soon as the necessary approvals have been obtained from the Inland Revenue. The scheme is still, however, subject to shareholder approval.

BCAL NEWS

Published by the Public Affairs Department, British Caledonian Airways.

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Production: Typesetting design and proof by Shirley Press, Southgate, London, Surrey, Surrey. Tel: (0293) 771191