

File

WESTLAND

Background

The Guardian carried a report this morning that Bristow Rotorcraft were likely to withdraw their bid for Westland today and suggested that this would give rise to doubts about Westland's ability to survive. This report was consistent with information given to us by Bristow's advisers last night. The Westland share price had fallen to 75p by 11.00 on this news, from 120p overnight.

Bristow told the Secretary of State for Trade and Industry this morning that he intended to extend his bid by 14 days. We understand that one factor in this change of mind may have been increased optimism about the prospective Indian order for W30-160 helicopters. However there is considerable doubt whether the other members of Bristow's consortium will agree to extend the bid. No further announcement is expected until this evening.

Bristow has pressed the Government for an undertaking that they would procure W30-160 aircraft if they cannot be sold elsewhere. He has been told that no such assurance can be given.

Line to Take

It would be inappropriate for me to comment on press speculation about the Bristow bid, or on the financial situation of a private sector company.



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Background

Bristow Rotorcraft withdrew their bid for Westland on the evening of Thursday 20 June. This gave rise to some press speculation about the future of the company and a number of Private Notice Questions, none of which were allowed.

2 The company expressed confidence in its ability to withstand its present problems, and there is no immediate worsening of its financial situation. Discussions have been continuing, involving Westland's bankers and the Bank of England, about the possibility of strengthening the company's management. We also understand that Westland are in contact with other potential bidders, and there are rumours of an imminent American bid. Westland shares stood at 70 pence early this afternoon (Monday 24 June) having opened at 78 pence.

3 The Sunday Times carried a story on 23 June purporting to describe a series of Ministerial meetings last week and a "package" which was allegedly suggested to Bristow but rejected.

Line to Take

It would be inappropriate for the Government to comment on the outcome of the Bristow bid or on the financial situation of a private sector company. The Government is however continuing to follow the situation closely.

[IF PRESSED: The Government maintained informal contact with both Westland management and Bristow during the period of the bid, but it is wrong to suggest that any "package" was offered to Bristow. It is not for the Government to take sides on the future management of the company.]



WESTLANDS

Line to Take

It would be inappropriate for the Government to comment on the lapsing of the Bristow bid or the financial ~~condition~~^{part} of a private sector company.

I note the action which the Company has taken to invite Price Waterhouse to review their operations and the decision to appoint Sir John Cuckney as Chairman in place of Sir Basil Blackwell.

These are matters which are entirely for Westland, their shareholders and their bankers.

IF PRESSED: The Government is of course following the situation at Westland very closely. While it is a major defence contractor it is a private sector company. While we would all wish to see it operating commercially and successfully its future is in its own hands.

I would not wish to speculate on the possibility of other bids for Westland. Such matters are, again, for the Company and its shareholders.



CONFIDENTIAL
COMMERCIAL IN CONFIDENCE
MARKET SENSITIVE

WESTLAND

Background

Since the lapse of the Bristow merger proposal Westland (no doubt under pressure from their bankers) have appointed Price Waterhouse to make an independent assessment of their business including a review of their operations. The review is expected to take between 3 and 6 weeks.

Westland have also announced the appointment of Sir John Cuckney (of John Brown Engineering) as Chairman in place of Sir Basil Blackwell who has resigned. There is press speculation (Daily Mail today) that this is at the behest of the banks including the Bank of England. The Mail also suggests that the Bank of England has a rescue package in mind involving HMG picking up part of the 'lost' Indian order. What the banks may be doing to support the Company financially is their affair. There is no truth whatever in the idea that HMG is preparing to salvage the Indian order. It is not yet lost!

[CONFIDENTIAL - MARKET SENSITIVE] The Prime Minister will know that the American Marmon group are considering a bid for Westlands. They are having talks with the Company and are expected to make up their minds in the next few days on whether or not to bid.