

CONFIDENTIAL

PRIME MINISTER

WESTLAND

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Sir John Cuckney telephoned me this afternoon to give me the gist of the press statement which the Board of Westland will be making later this afternoon. This will say that they have now received letters from Lloyds Bank International and the MOD providing various clarifications of the European offer. They are inviting the European Consortium to draw together the various elements of their proposals into a single communication, which Westland can then pass on to their shareholders. The Board will make no comment on the proposal at this stage, but Sir John Cuckney will write in good time to shareholders before the meeting on 14 January. Sir John commented that this press statement might be taken as some weakening in the Board's attitude to the European offer. He wanted to stress that this was not the case. Rather Westland felt it was better for them to take the initiative in announcing their action rather than allow the European Consortium to do so.

Sir John added that he could tell me privately that the Board's conclusion today was that they continued to believe that the Sikorsky/Fiat proposals were preferable if the terms could be improved in certain respects. His personal guess was that there would be some improvement in the Sikorsky/Fiat offer by the end of the week to match or exceed the European terms. If so, his Board would make a very strong recommendation in favour of acceptance and mount a major PR campaign to push it.

We have now received Sir John Cuckney's letter (attached).

CDP

CHARLES POWELL

30 December 1985

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