



MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000

DIRECT DIALLING 01-218.....

Fridgy Aug 2nd '85

Prime Minister

I am pleased to tell you
that at 2.0 A.M. this morning
we signed an agreement with
Italy to move forward
with the European Fighter Aircraft.
The option to join the programme
remains open to France & Spain.

The contract is to all intent & purpose that which I circulated to colleagues. Only one change was agreed after I had dismissed & agreed the matter with Sr Raymond Lygo. We agreed an increase in the Italian workshare in the development stage to 24% with Perry & associates meeting 38% of the costs (Original figures 20.40.60)

The specification of the aircraft was agreed (without moving to the agreed lowest figure) at 9.75 tons BME. 90 knots thrust and 50 sp. m wing

I am well pleased with this outcome which reflects the strategy I reported to you some weeks ago

W. J. P. [Signature]