

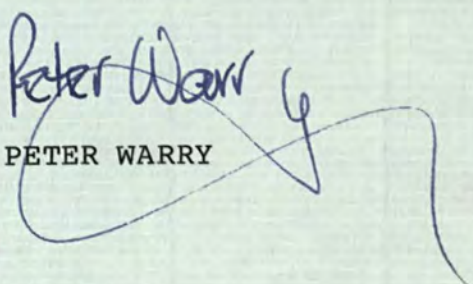
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Motorist Discount Centres - a high street retail car spares operation - is on the verge of bankruptcy. The business is highly complementary to that of Unipart, and would be a valuable diversification from its over-dependence on Austin Rover in advance of privatisation. The business could be purchased for a nominal sum but would require over £20 million spending to restore it to health.

BL have proposed its purchase to the DTI. DTI will hopefully be in favour but require some stronger statement from BL on the date of Unipart's privatisation. We would insist on a definite date before allowing more nationalisation so soon after their purchase of Edmunds Walker. BL are likely to resist any firm statement and may prefer to drop the acquisition rather than give such a commitment.

Unbeknownst to both BL and DTI we believe there may be an offer for the Unipart business in the £80 to £100 million range at which Hill Samuel (BL's merchant bankers) have already valued it. Such an offer will be made conditional on fuller information about Unipart, but more importantly on the deal being completed before Easter of next year.

If we can achieve sensible management both of the offer for the Unipart business and BL's proposal to purchase the Motorist Discount Centres, we could successfully skewer both BL and DTI on their own "petards."



PETER WARRY

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