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PRIME MINISTER

Seen by the Prime Minister

20/3.

JHN 20/3

As you know, I met on Tuesday David Andrews, the head of the Land Rover management buy-out team, together with the Managing Partner of Schroder Ventures. Among the points that they made I thought the following the most important:

- (1) Mr Andrews would prefer a total buy-out of Land Rover and believes that the new company could be ready for flotation by the end of 1987. He believes practically all his senior managers would contribute to such a group.
- (2) In principle, I think he would accept a position where General Motors had a minority stake in the company. He stresses, however, that it should be a minority stake and not a controlling one - for example, a stake of, say, 25 per cent or 30 per cent.
- (3) Mr Andrews believes that Freight Rover is an integral part of the Land Rover group and has been an outstanding recovery story over the last four or five years. This in stark contrast to the poor record of Bedford vans.
- (4) Mr Andrews says that Range Rover will be ready for its United States launch in February 1987 and that their strategy of 50 - 60 specialist dealers is superior to a wider number of general dealers. He is confident of the development of the business both in the United Kingdom and overseas.

I am copying this minute to members of MISC 126.

N F

20th March 1986

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10 DOWNING STREET

From the Private Secretary

21 March 1986

BL

The Prime Minister was grateful for your Secretary of State's minute of 20 March reporting his conversation with Mr. David Andrews and with the Managing Partner of Schroder Ventures.

David Norgrove

Tony Laurance, Esq.,
Department of Health and Social Security.

SECRET

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STRICTLY PRIVATE & CONFIDENTIAL

Mrs Ryder
Personal Secretary to the Prime Minister
10 Downing Street
London SW1

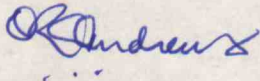
21st March 1986.

pa

Dear Mrs Ryder,

BL
I have written the enclosed letter to the Prime Minister. In view of the sensitivity of the subject, and the unfortunate fact that my earlier letter of 22nd January was temporarily mislaid, I have sent it to you to ensure its safe arrival for the Prime Minister.

Yours sincerely,



David R G Andrews