

CONFIDENTIAL

PRIME MINISTER

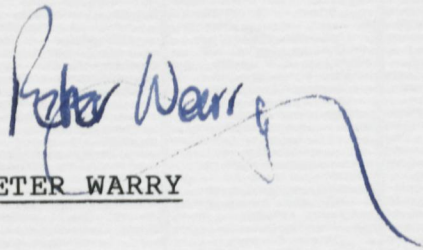
26 February 1986

LAND ROVER MANAGEMENT BUY-OUT

I have just had sight of the Land Rover management buy-out proposal. At best, they are offering £114m for Land Rover and Freight Rover, £30m of which will be in the form of unsecured loan stock. I suspect in fact the price may be less, as it is dependent upon a rather high figure for the debts of the business at the year end.

The offer has to be accepted by noon on 5 March, and in accepting such an offer BL would be required to break off all talks with other potential bidders for a period of 90 days, during which detailed negotiations for the management buy-out would take place.

I would stress that these are very much preliminary understandings of their offer, and it would be best to wait until DTI give a more definitive view.



PETER WARRY

Borrowings

Land Rover	£84M
Leyland Vehicles (Truck & Bus)	£320M

i.e. only 20% of borrowing relate
to ^{Land Rover,} ~~Truck & Bus~~, and I believe
~~much of this is interest free~~