

# Rival bid for Westland 'vindicates Heseltine'

By Philip Webster and Judith Huntley

Supporters of Mr Michael Heseltine's high-risk Cabinet battle over Westland helicopters claimed a victory last night.

They said the Defence Secretary had been fully vindicated by the publication of proposals for a joint European rescue, led by GEC, Britain's largest industrial company.

Mr Heseltine's supporters in Westminster said the terms of the offer were considerably more attractive than those already accepted by the Westland board from Sikorsky of the United States and Fiat of Italy.

A senior Conservative defence expert said: "It is game, set and match to the Europeans - and to Michael Heseltine."

"The offer means £1 million net for Westland and £1.2 million for the shareholders - and the banks will be £5 million better off as a result of it."

For the workforce, the rewards were said to be even greater. While the Sikorsky/Fiat offer was calculated to have entailed a net gain of 400,000 man hours over five years, the European bid would mean a gain of 1,200,000 man hours, it was said.

Mr Heseltine's backers naturally put the best possible interpretation on the European offer, but even his opponents admitted that Mr Heseltine's tenacious battle with Mr Leon Brittan, the Secretary of State for Trade and Industry, had borne fruit. They said there were now two, rather than one, firm rescue options to be considered.

Another of Mr Heseltine's supporters said: "There is no way now that the Westland board can recommend the Sikorsky bid. But Sikorsky may now, of course, come back with an increased offer."

Mr Heseltine made no public comment last night on the European offer.

The European consortium's £73.1 million rescue package for Westland was unveiled after the company had revealed pretax losses of £95.3 million.

The consortium, which originally comprised British Aerospace, Aerospatiale of France, Italy's Augusta and MBB of

West Germany, now joined by GEC, said its package is better than its rivals' £72.2 million reconstruction package in four main areas.

- It provides a better deal for shareholders, who would be asked to put up less money per share - 55p rather than 60p - and free warrants for extra shares.

- It would be a better deal for Westland's banks, Barclays and National Westminster, who would be asked for £23 million of support instead of £28 million.

- It would mean extra work for Westland itself in the shape of sub-contracting deals.

- The Westland rescue would be largely a British one, with British Aerospace and GEC putting up £13 million and the continental companies £8 million each.

The Europeans also argue that if Westland goes ahead with the Sikorsky/Fiat proposals, the company will lose out on engineering work for the Europeans. In addition, there was an undefined market for the Black Hawk military helicopter on which Westland is pinning its hopes in the Sikorsky deal.

Existing shareholders would keep 63 per cent of the company under the European offer with the consortium having 21 per cent.

Sir John Cuckney, chairman of Westland, was not available for comment last night but Lazards, the merchant bank advising the company, said it would consider the European offer over the weekend.

Sir John has agreed that a better offer than the one previously received from the consortium would be put to shareholders before they vote on the Sikorsky/Fiat offer on January 14.

The consortium's offer is conditional on each member being allowed to appoint a director to the Westland board with GEC and British Aerospace regarded as one member.

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