

(2)

PRIME MINISTER

c.c. Mr. Redwood

A320 AIRBUS

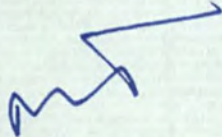
Mr. Tebbit met the BAe Chairman and Managing Director last night and both sides agreed, ad referendum their colleagues, to launch aid of £250 million, phased as in the Chancellor's letter.

Other points of the agreement are that £50 million (rather than £30 million as originally envisaged) will be repaid regardless of sales. The remaining launch aid will be repaid between the 75th and 600th sale. Still to be settled are the taper between these two points and the rate of levy beyond 600.

Mr. Tebbit is likely to write to his colleagues on Monday and make an announcement on Thursday.

CONFIDENTIAL

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24 February 1984