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**From:** Willie Gallagher  
**Sent:** 09 May 2008 11:41  
**To:** Dave Anderson; Donald McGougan; Gill Lindsay; Marshall Poulton; Renilson, Neil; david\_mackay@[REDACTED] Steven Bell; Graeme Bissett (external contact)  
**Subject:** BBS Procurement Update

Not a lot to report.

First round of discussions concluded late last night with an agreed set of tie conditions. This was formally communicated to UK & Germany and reflects the £3m increase.

This morning there has been another meeting of all parties, to further clarify understanding of final positions. Feedback from BB & S is that progress is good. The strategy being followed is to let the working group conclude, then there will be contact from Germany to myself to agree a final position on price. In anticipation, we have reviewed all aspects of our QRA and understand where there is scope for trading risk for certainty.

I am also aware that there is a leak of the issue to the Press. The Evening News have "an impeccable" source that the price is going up by £12m. They have not tried to contact me direct, but been on to the Press Office. I am not commenting as we are still in negotiations but I hope they hold it back until Monday.

Will keep you informed as the day progresses.

Willie