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**Sent:** 07 February 2008 23:48  
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wwcampbell@lothianbuses.co.uk  
**Subject:** Pricing Agreement With BBS

For information and to provide some background, a new pricing agreement has been signed with BBS this evening after 3 days of negotiations. An increase of £3.2M firm, and £1.6M 'capped' has gone onto the Wiesbaden deal. This is mainly for Siemens scope, to remove issues that they had raised. The Wiesbaden deal was mainly for BB scope benefit.

There is some increase in risk that will remain with tie over SDS programme risk, but this should make SDS novation possible (but not without some difficulties). DLA will need to explain this risk change and a smaller issue with Parent Company Guarantees to CEC.

The opening date will be pushed back by 3 months, and contract close will be in my estimation between 13th and 30th of March.

CAF will almost certainly now join the consortium following novation, which is a good outcome.

I suspect that BBS may try one more bite at the cherry on price before contract close, but I think the scale of this will now be relatively small surrounding the £1.6M capped amount. The biggest danger I think will be any further attempts at changing the risk transfer back from Private to Public sector. This would be very inadvisable in my opinion.

Regards,

Alastair