



For The Attention of Scott MacFadzen
Bilfinger Berger – Siemens Consortium
Lochside House,
3 Lochside Way
Edinburgh Park
Edinburgh
EH12 9DT

Our Ref: PRO.CORR.39

Date: 29 May 2008

Dear Sirs

Edinburgh Tram Network
Infraco Contract – tie Change Notification Nos. 1- 6

We refer to your letter dated 21st May 2008, ref: 25.1.201/TM/138 and comment as follows:

tie Change Notifications

Thank you for the input involved in creating a proforma for use in this regard, however to avoid unnecessary time spent on responding to these, we would prefer to take matters a step at a time in accordance with the **tie** Change provisions of Clause 80.

The **tie** Change Notification No. 001 is issued by you pursuant to Clause 3.5 of Schedule Part 4. As such this is an Infraco notice of a Notified Departure. Notified Departures are deemed to be a Mandatory **tie** Change for which an Estimate should be provided pursuant to Clause 80.24.1. of the contract terms. In this instance Infraco are therefore required to provide an Estimate strictly in accordance with Clause 80.4. and the contents of your Change Notification form are not required at this stage.

The **tie** Change Notification No. 002 is issued on the basis that Infraco understand that this instruction to progress this work during the Mobilisation and Advance Works Contract is **tie's** instruction to expend a Provisional Sum. There is therefore no requirement for such notification by Infraco in this respect. **tie's** position is outlined below.

delivering transport projects

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CEC01311410_0001

'tie Change Notification No. 003' is a notification required by Clause 80.20. An Estimate is required in accordance with Clause 80.4.

'tie Change Notifications No. 004, 005 and 006' are issued on the same basis as 001 above and an Estimate is required in accordance with Clause 80.4. The content of your Change Notification is not required at this time.

In conclusion the tie Change Notifications offered by you are in fact Infraco notices and in respect of your No. 001, 004, 005 and 006, a notice is required pursuant to Schedule Part 4 item 3.5 and in the case of No. 003 pursuant to Clause 80.20 of the Infraco Contract. tie shall treat these Notifications accordingly and it is not tie's intention to respond to each item of detail in future Notifications.

However, given that you have provided detail with the above Notifications we would, in this instance, comment on such detail as follows:

No. 001

We accept that this is a Notified Departure in principle. Generally all items should be covered by your Estimate. Particular issues requiring comment now are:-

Your item 4 Valuation to be in accordance with Clause 80.6

- 5 We will respond to the delay period noted on receipt of your Estimate.
- 6 Mitigation measures to be in accordance with all of the Contract provisions including Schedule Part 14 and Clause 10.18.
- 8 What is meant by competitive quotes are required from Barr Ltd?
- 10 No changes are required to the terms of the Agreement.
- 11 ditto
- 12 Upon what basis is your request for extension? tie shall only consider an extension to the 18 day period if supported by a reasonable and competent request.

We have not offered a comment on all items as we do not consider this appropriate at this time. We do now expect your Estimate in accordance with Clause 80.4 and we shall respond to all relevant matters at that time.

No.002

We do not accept that this is a tie instruction. This work is shown on drawings, there is a programme allowance and should be included in your price. Why do Infraco

consider that any such work is an instruction by **tie** to expend part of the 'Accommodation Works' Provisional Sum?

No. 003

tie accept, in principle, that an instruction has been issued to Infraco to carry out this work and that an Estimate is required in accordance with Clause 80.4. This Estimate should take account of any saving in the SDS account for the completion of survey and design by SDS in accordance with the Novation Agreement. Other comments as 4,6,10, 11 and 12 above apply.

No. 004 and 005

tie accept that these are Notified Departures and Estimates in accordance with Clause 80.4 are required.

Other comments as 4, 6, 10, 11 and 12 above apply. In all instances the provisions of Clause 80 apply.

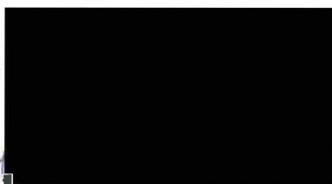
No 006

While this was a variation under the MAWC, the Gogarburn Bridge/ surcharge forms part of the main Infraco works. The IFC drawings were issued timeously on the 15th May 2008. Work is due to commence on the 13th June in accordance with Infraco programme. No delay should arise as a result of this. We confirm that we do not consider that this is a Notified Departure.

We trust that the above clarifies our position and look forward to the provision of further information as required.

We agree that a regular meeting would be beneficial and we intend to discuss this with you in due course.

Yours faithfully



STEVEN BELL
TRAM PROJECT DIRECTOR