From: Steven Bell Sent: 05 May 2008 21:54

To: Willie Gallagher; Graeme Bissett (external contact); Stewart McGarrity; Steven Bell;

david\_mackay@ Geoff Gilbert; Fitchie, Andrew

Subject: RE: ETN - proposal

I think it is difficult to fully justify this objectively.

Looked at from the outside, BBS took a conscious commercial decision to move the prelim price to improve their 1a offering and that enhanced their attractive position during the final evaluation.

If that difference is less than the final delta to tramlines, we may be able to satisfy ourselves there is no procurement issue. I want to discuss this with Geoff + Andrew tomorrow.

With regards to the 3.3 or 4.7, I suppose we could consider the BBS proposal as a demobilisation or termination cost in the event that 1b does not proceed. I will think through what we would need to explicitly receive for such a concession / interpretation. We can discuss at 08.30 tomorrow.

Will keep thinking about it tonight.

Steven Bell Edinburgh Tram Project Director

tie Ltd 65 Citypoint Haymarket Terrace Edinburgh EH12 5BD

T: M:

Sent from my mobile handset

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----Original Message----
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From: Willie Gallagher < Willie.Gallagher@tie.ltd.uk >

Sent: 05 May 2008 21:09

To: Graeme Bissett (external contact) < graeme.bissett@ Stewart McGarrity

<Stewart.McGarrity@tie.ltd.uk>; Steven Bell <Steven.Bell@tie.ltd.uk>;
david mackay@ < david mackay@ ; Geoff Gilbert
<Geoff.Gilbert@tie.ltd.uk>; Fitchie, Andrew <Andrew.Fitchie@dlapiper.com>

Subject: FW: ETN - proposal

Views please.

----Original Message----

From: Joachim Enenkel [mailto:Joachim.Enenkel@bilfinger.de]

Sent: 05 May 2008 21:08 To: Willie Gallagher Subject: ETN - proposal

Dear Willie,

Following our discussions this afternoon please find the following:

In respect of the money transferred at Preferred Bidder Stage from 'Phase 1a Preliminaries' into 'Phase 1b Price' TIE confirms that in the event Phase 1b does not proceed, TIE guarantees that the Bilfinger Berger share of 3.3. Mio GBP will be paid directly to Bilfinger Berger under the contract for Phase 1a. However it should be noted, that earlier an overall sum of 4.7 Mio GBP had been transferred from Phase 1a to Phase 1b for BBS, of which 3.3 Mio GBP is for BB and 1.4 Mio GBP is for Siemens.

The above understanding is based on the assumptions, that TIE and BBS will conclude a contract award for ETN Phase 1a.

Please let me know if you need additional input on the above.

Regards Joachim Enenkel