

Our ref: SMcF/SMcF

18 January 2008

**Bilfinger Berger –Siemens  
Consortium**

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**For the attention of Mr Willie Gallagher**

Dear Willie,

**Edinburgh Tram Network Infraco Contract**

Following our discussion in your offices today I can confirm that we will submit a programme by Monday evening 21 January outlining the steps necessary for achieving contract closure.

It is our intention to propose a process that will provide a more focussed structure in addition to the programme.

As you are aware there are still a significant number of issues requiring resolution which is outlined below although you should note this list is not exhaustive:

- Novation of the Tramco into the Infraco
- Novation of the SDS into the Infraco
- Resolution of outstanding SDS/tie issues
- Provision of technical information to enable system modelling verification
- Confirmation of compatibility between CAF Tram and the Developed Kinematic Envelope
- Resolution of liability for Planning and Third Party Consents
- Resolution of Issues on Infraco Contract Conditions
- Resolution of Issues on Contract Schedules, including TPA's
- Resolution of new Employers Requirements v3.2 received 17<sup>th</sup> January 2008
- Status and Completion of Design
- Contract Price Analysis
- CEC Guarantee
- Phase 1b
- Endorsement by SDS and Tramco to the relevant constituent parts of the deal

We acknowledge the dates of 30 January and 7 February in respect of CEC requirements.

We confirm our continuing strong commitment to the Project, as clearly demonstrated by the meeting in Wiesbaden and Agreement to Contract Price for 1A, signed on 20 and 21 December 2007.

Yours sincerely  
For Bilfinger Berger Siemens Consortium

**Richard Walker**  
Managing Director  
Bilfinger Berger UK

**Michael Flynn**  
Infrastructure Director  
Siemens plc