Tram Project Board 13th February 2008 Strictly Confidential Transport Edinburgh Trams for Edinburgh Lothian Buses

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SDS Novation Geoff Gilbert

Alastair Richards **Tramco Novation**

Programme Steven Bell

Price, Budget and Risk Stewart McGarrity

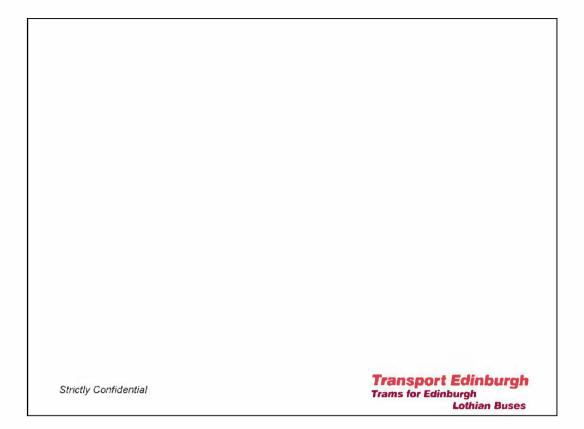
Contractual / Legal

3rd Party Update

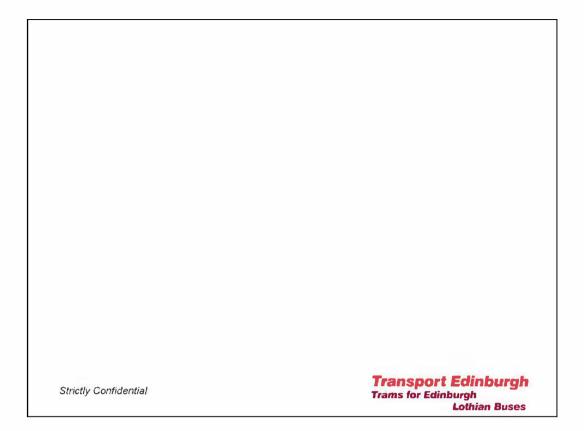
Close Programme Susan Clark MUDFA Update Steven Bell

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SDS Novation Geoff Gilbert Strictly Confidential Transport Edinburgh Trams for Edinburgh Lothian Buses



Tramco Novation Alastair Richards Strictly Confidential Transport Edinburgh Trams for Edinburgh Lothian Buses



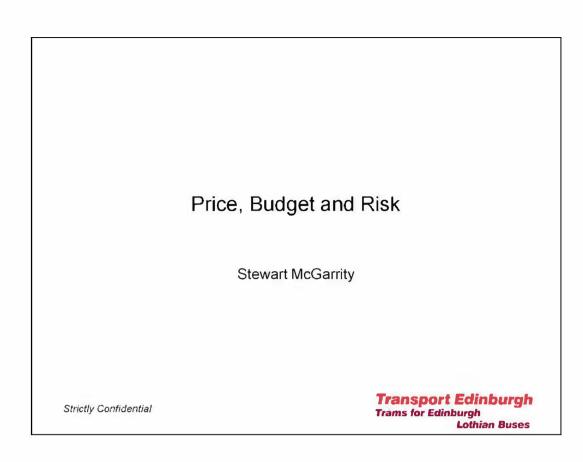
| | Programme | |
|-----------------------|-------------|---|
| | Steven Bell | |
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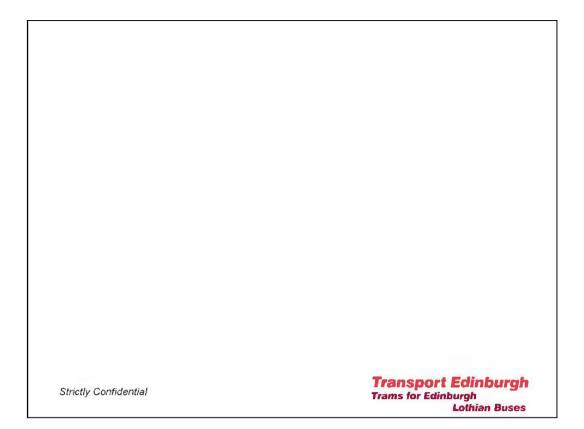
Construction Programme

- Construction Methodology and sequencing agreed with all key stakeholders and BBS.
- Latest Design and Programme (V26) from SDS reviewed, challenged adjusted and incorporated.
- Approvals Programme reviewed, challenged, adjusted and agreed with CEC.
- MUDFA Rev 06 programme reviewed and incorporated.
- Constraints and assumptions iterated and included within construction Programme including critical resource constraints.

Outputs: Infraco Construction Starts Apr 2008
 Construction Complete Feb 2011
 Open for Revenue Service Jun 2011

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Contractual / Legal Andrew Fitchie Strictly Confidential Transport Edinburgh Trams for Edinburgh Lothian Buses

Status of Draft Contract Suite (1)

Infraco Contract

- Outstanding issues at acceptable level following intensive commercial / pricing negotiations.
- Detailed drafting to close out under way.
- Remaining matters:
 - Completion of all technical and financial schedules
 - Contractulise new design review process
 - PCG Duration
 - Ground condition risk drafting
 - NR and EAL step down into Infraco
 - Maintenance activities to be differentiated in Infraco Contract from construction activities where appropriate.
 - Liability Cap during maintenance.

Target Close out: 26.02.08

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Status of Draft Contract Suite (2)

Tram Supply Agreement

- No major issues outstanding.
- Contract alignment exercise to be concluded form baseline at 07.02.08.

Tram Maintenance Agreement

- Further detailed discussion required
- Baseline of 07.02.08
- Pedantic approach by Siemens

Target close out: 26.02.08

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Status of Draft Contract Suite (3)

SDS Novation Agreement

- · Draft Agreement marked up by BBS.
- · Due to be reworked/ released to PB and BBS 13.02.08.
- · SDS collateral warranty / direct agreement with tie requires scope.

Target close out: 26.02.08

Performance Security Package

- Both bonds agreed and to be issued by ANZ or Deutsche Bank. Values: £20million and £2million→10million→6.6million
- · PCGs agreed on all major points save duration.
- · CEC Guarantee settled on all major points reciprocity with PCGs secured.

Target close out: 15.02.08

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Status of Draft Contract Suite (4)

Ancillary Legal Workstreams

Legal Opinions

- German legal opinions covering validity and enforceability of Siemens Aktiaengesellschaft and Bilfinger Berger Aktiaengesellschaft PCGs.
- Spanish legal opinion covering validity and enterability of CAF's execution of Tramco and Tramco Novation Agreements.

Third Party Collateral Warranties

 Negotiations and close out of Infraco and key subcontractor collateral warranties for: Network Rail, EAL and SRU.

Network Rail new requirements

- · Technical adjudicator
- · Joinder of dispute agreement.

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Third Party Update Alasdair Sim Strictly Confidential Transport Edinburgh Trams for Edinburgh Lothian Buses

3rd Party Agreements

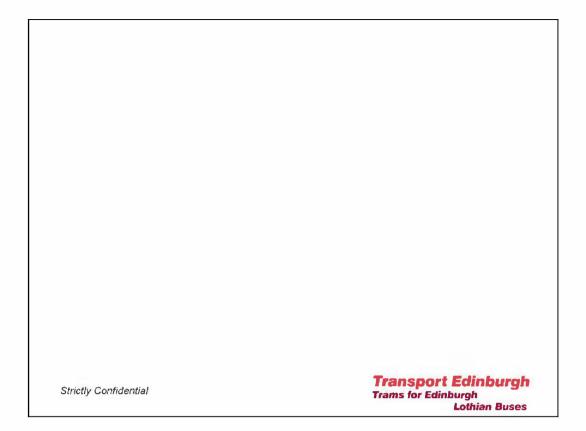
- Network Rail
 - Asset Protection Agreement: NR ratification expected 15/02/08.
 Executed document by financial close.
 - Depot Change: Regulated process concludes on 25/02/08. FSR confirm no objection to proposals.
 - Station Change: Regulated process concludes on 01/03/08. FSR confirm no objection to proposals; same confirmation awaited from one TOC.
 - Suite of Property Agreements:
 - · Framework Agreement all principles agreed; final drafting
 - · Lease in agreed form
 - · Neighbour Agreement all principles agreed; final drafting
 - · Bridge Agreement finalising and drafting principles ongoing
 - Operating Agreement in progress, non critical to INFRACO
 - Depot Car Park & Servitudes all principles agreed; final drafting
 - Aiming to execute all but operating agreement by financial close.

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3rd Party Agreements

- Network Rail
 - Compensation at Haymarket Station Car Park; mechanism to settle compensation has been agreed.
- Edinburgh Airport Limited
 - Lease & Licence Agreements both signed off by CEC.
 - Operating Agreement; ongoing, non critical to INFRACO.
- Forth Ports
 - Design principles agreed, conclude agreement by financial close.
- SRU
 - Outstanding principles agreed, conclude agreement by financial close.
- Royal Bank of Scotland
 - Agreement to be concluded following completion of detail design.
- CEC/tie Licence for land drawdown agreed & executed.

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Close Programme Susan Clark Strictly Confidential Transport Edinburgh Trams for Edinburgh Lothian Buses

Close Programme

| Date | Forum | Subject |
|-------|---------------------------|--|
| 18/02 | •Legal Affairs Committee | 3 rd party agreements |
| 25/02 | •Close report distributed | Close report |
| 25/02 | •Legal Affairs Committee | 3 rd party agreements Close report |
| 27/02 | •CEC Briefing sessions | ER's/Infraco Proposals Programme |
| 28/02 | •CEC Briefing sessions | Infraco suite Cost/risk |

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Close Programme

| Date | Forum | Subject |
|-------|---|----------------|
| 29/02 | CEC CEO briefing CEC CEO provides delegated authority to tie Delegated committee meet | Contract close |
| | - tie/TEL/TPB •Notifications | |
| 12/03 | •Tram Project Board •Contract award | |
| 13/03 | •Council meeting | |

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MUDFA Update Steven Bell Strictly Confidential Transport Edinburgh Trams for Edinburgh Lothian Buses

MUDFA Update

- Progressing to Rev 06 Programme although overall progress to date is slightly down on plan.
- Some slippage has been recovered in the period and an action plan is in place to improve outputs in performance and safety
- Enabling works on target for City Centre Phase I commencing 1 March 2008
- · Leith Walk works continue as planned
- Constitution Street & Foot of the Walk closure due to commence 17 March 2008
- Costs and volume of work continues within budget allowances with detailed forecast update for next period based on 90% finalised drawings.

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