

Our ref: RJW/AK

13 October 2006

tie Limited
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EH12 5BH

**Bilfinger Berger – Siemens –
Morgan Est Joint Venture**

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Dear Sirs,

Edinburgh Tram Network

We refer to your letter dated 3rd October 2006 inviting us to tender for the above project and we acknowledge the receipt of the ITN.

The consortium, having reviewed the Infraco documents must inform you that at this time one of our civil partners (Morgan Est) is not able to continue with the tender and has withdrawn from the consortium. We will communicate the reason for Morgan Est's withdrawal under separate cover. Bilfinger Berger UK Ltd and Siemens plc confirm their commitment to the project and would seek confirmation that this revised consortium is acceptable to tie.

Notwithstanding the above the remaining consortium members have a number of significant issues with the ITN, which we believe will preclude us from submitting a compliant tender.

We intend to advise you of these issues by noon on 16 October 2006 and would request a meeting to discuss this next week, as we consider the dates for consultation provided within the ITN are too far in the future.

Finally it is our considered opinion that this tender is of such complexity and magnitude that the tender deliverables specified in the ITN are such that we will be unable to work up meaningful affordable prices by the required return date. We would therefore request that due consideration is given to extending the tender period by 3 months.

Yours faithfully,
Bilfinger Berger UK Limited



Richard Walker
Managing Director



Gary Dalton
Commercial Director

Encs.