



Mr Joachim Enenkel
Bilfinger Berger AG
Civil
Gustav-Nachtigal-Strasse 3
65189 Wiesbaden
Germany

Our Ref: WG/JPT

2nd May 2008

Dear Joachim,

Edinburgh Tram Project

Yesterday, I am pleased to report that the City of Edinburgh Council approved the recommendation to sign the InfraCo contract. I attach a copy of the paper. However, it was based exactly on our joint agreement of costs and programme agreed at the meeting on 14th April 2008.

Bilfinger Berger is now in a different place which fundamentally compromises the project.

At our meeting on Monday, I will be accompanied by Steven Bell, Tram Project Director and David Mackay, Chairman of Transport Edinburgh Ltd.

Obviously, we are interested in the content of the proposed £12m increase but for the avoidance of doubt, I do not have either the budget or the authority to approve any increase to what was agreed at the City of Edinburgh Council meeting yesterday.

Personally, I feel extremely disappointed not only about the £12m cost, but in the manner and process it was communicated. Strategic Partners do not behave in this manner. My phone and email is available 24 hours and to get a call immediately before contract close is almost beyond belief.

I now have real reservations about whether Bilfinger Berger wants to be part of this project and could work within a consortium in anything other than an adversarial manner.

tie limited

Citypoint 65 Haymarket Terrace Edinburgh EH12 5HD

tel +44

fax +44

web www.tie.ltd.uk

Direct dial: +44

e-mail: wiliie.gallagher@tie.ltd.uk

web: www.tie.ltd.uk

Registered in Scotland No: 230949 at City Chambers, High Street, Edinburgh EH1 1YJ

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I look forward to an open and frank discussion on Monday. Please come with solutions and not just a restatement of your problem.

Yours sincerely

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Willie Gallagher
Executive Chairman

Cc: Stefan Hofsäss