

**EDINBURGH TRAM NETWORK
BONDING POSITION AT 8 FEBRUARY 2008**

BBS will provide two performance securities in **tie's** favour as follows:

Type	Issuer	Value	Duration of Security	Demand Requirements	Beneficiary Right of Access to Funds	Comments	Cost
'On demand' Performance Bond - market terms, standard beneficiary protections. Assignable to TEL/CEC	ANZ or Deutsche Bank	£20 million	From Effective Date to date of issue of Certificate of Service Commencement.	Notification by tie of a default by Infraco, including Infraco member insolvency.	5 business days following demand which can be made no less than 15 days after tie has notified Infraco of its default.	This is an 'on demand' instrument issued by a S+P rated AAA- financial institution.	Estimated at [◆ basis points]
'On demand' Performance Bond - market terms standard beneficiary protections. Assignable to TEL/CEC	ANZ or Deutsche Bank	£2 million up to £10 million	From Effective Date to date of issue of Reliability Certificate (9 to 12 months post Service Commencement Date).	Notification by tie of a default by Infraco, including Infraco member insolvency.	5 business days following demand which can be made no less than 15 days after tie has notified Infraco of its default.	This bond adjusts in value during the construction phase from: <ul style="list-style-type: none"> • £2 million at Effective Date; • £4 million at Section A completion; • £6 million at Section B completion; • £8 million at Section C completion; • £10 million at Section D completion; • £6.6 million at Network Certificate. 	Estimated at [◆ basis points]

Type	Issuer	Value	Duration of Security	Demand Requirements	Beneficiary Right of Access to Funds	Comments	Cost
Cash Deposit or Defect Rectification Bond	BBS or ANZ or Deutsche Bank	See Comments	From date of identification of system defects (during pre final hand over survey at expiry termination) to date of defects rectification certificate from tie .	Written notice by tie of failure by the Infraco to remediate identified defects or system degradation due to poor maintenance performance.	If cash deposit, immediately. If bond, subject to terms of the bond provided at that time by the Infraco.	tie would be contractually entitled to require a bond/cash deposit if defects are identified at expiry of the Infraco Contract. Serious deficiency in maintenance regime will have been exposed, penalised and corrected during performance and periodic surveys.	Bond at BBS cost (under discussion)