



Mr Richard Walker
Bilfinger Berger UK Ltd
3000 Manchester Business Park
Aviator Way
Manchester
M22 5TG

Our Ref: WG/JPT

13th December 2007

Dear Richard

I refer to your letter of 12th December 2007 and have to convey to you the deep disappointment that I and my team feel on its content. This letter is the product of the labours undertaken since the announcement of BBS as the preferred bidder and yet it gives little of the required certainty we are seeking and without which we cannot proceed. The seriousness of this in the context of the approval of this Project cannot be overstated and unless we can find some a way forward which removes the uncertainty, then my recommendation to the City of Edinburgh Council will be that the Project should not proceed, I would see that as my duty and professional responsibility.

In reviewing your response to our 'particular points 1 to 5', I have outlined below the form and assurance we require against each:-

- 1) Price Confidence – We will fix our price in accord with the attached schedule.
- 2) Price Level – we confirm that we will be able to achieve the VE savings targets as agreed at the preferred bidder date.
- 3) Programme Confidence – we confirm that in line with Version 22 of the Design Programme that we can achieve revenue service commencement in February 2011, predicated on **tie** resolving the issues on Picardy place.
- 4) Contract Closure – We believe that all contractual issues can be cut through and resolved in line with our commitment.
- 5) Employer's Requirements – We have submitted our updated compliance matrix which aligns with our proposal.

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The **tie** organisation is fully committed towards our objective of achieving a world class Tram system for Edinburgh but not at any price, accordingly I would ask that the BBS consortium reflect on this letter and provide me with a formal response, including completion of the attached schedule of prices, by tomorrow 14th December. I will delay my return to the UK to be able to receive and discuss this response face to face.

Yours sincerely

Willie Gallagher
Executive Chairman

Enc: Schedule