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**From:** Willie Gallagher  
**Sent:** 30 April 2008 21:40  
**To:** Willie Gallagher; Julie Thompson; stefan.hofsaess@siemens.com; Joachim Enenkel (joachim.enenkel@bilfinger.de)  
**Cc:** flynn.michael@siemens.com; Richard Walker; Steven Bell; andrew.fitchie@dlapiper.com; david\_mackay@[REDACTED]  
**Subject:** RE: Response from Willie Gallagher

For Information.

I have now updated Transport Scotland about the change in the Consortium's position. They are obviously shocked and may look for assurances about other projects currently being tendered within Scotland. They are also extremely concerned about how we demonstrate value for Public Money and compliance with EU Procurement law. It is likely that they will call both Germany and the UK Division – Bill Reeve, Head of Rail Infrastructure is the Director who is now involved. I have advised them on not briefing the Minister until after Monday's meeting.

Regards,

Willie

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**From:** Willie Gallagher  
**Sent:** 30 April 2008 17:20  
**To:** Willie Gallagher; Julie Thompson; stefan.hofsaess@siemens.com; Joachim Enenkel (joachim.enenkel@bilfinger.de)  
**Cc:** flynn.michael@siemens.com; Richard Walker; Steven Bell; andrew.fitchie@dlapiper.com; david\_mackay@[REDACTED]  
**Subject:** RE: Response from Willie Gallagher

Joachim / Stefan,

I met with Richard and Michael prior to the Tram Project Board at 3.30pm today. Richard formally communicated that BB require an additional £12m to conclude the deal. The rationale was sketchy, but he accepts that he should have communicated this factor before our meeting with you in Edinburgh on 14<sup>th</sup> of April. The Tram Project Board are astounded that this price change has been proposed within a few hours of Contract Closure. Moreover, the behaviour is not consistent with the rules of procurement under which BBS were selected as preferred bidder, and is not a good example of how partners should behave.

I believe Joachim is available to meet in Edinburgh on Monday. We would like the meeting to proceed, however, we wish no further involvement from Richard. Our Project has lost confidence in his Leadership of the Consortium – this is unfortunate but I am sure you can understand our frustration.

A deal has been negotiated and was agreed on April 14<sup>th</sup> by all parties. We are happy to proceed on that basis. I cannot seriously recommend continuation with BBS unless we can get back to the proposition that has been agreed with Transport Scotland & City of Edinburgh Council and now been externally communicated to the general public of Scotland.

I am available on my mobile 0044 [REDACTED] to discuss,

Regards,

Willie

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**From:** Willie Gallagher  
**Sent:** 30 April 2008 13:36  
**To:** Julie Thompson; stefan.hofsaess@siemens.com; Joachim Enenkel (joachim.enenkel@bilfinger.de)  
**Cc:** flynn.michael@siemens.com; Richard Walker; Steven Bell; andrew.fitchie@dlapiper.com; david\_mackay@[REDACTED]  
**Subject:** RE: Response from Willie Gallagher

Gents,

I have had a disturbing call from Richard this morning. Since then, no contact. I have arranged an urgent meeting of the Tram Project Board inc City of Edinburgh Officials for 3.30pm. Unless I am informed otherwise, I will communicate formally the latest BBS position (advised verbally by Richard). Please note; there is a full meeting of the Council tomorrow to approve what I presumed was the agreed contract.

Willie

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**From:** Julie Thompson  
**Sent:** 28 April 2008 17:46  
**To:** stefan.hofsaess@siemens.com; Joachim Enenkel (joachim.enenkel@bilfinger.de)  
**Cc:** flynn.michael@siemens.com; Richard Walker; Steven Bell; andrew.fitchie@dlapiper.com  
**Subject:** Response from Willie Gallagher

Sent on behalf of Willie Gallagher

Dear Stefan

Thank you for your email received earlier today.

We met today to review our progress towards concluding the contracts this week. I am keen to support you in achieving CAF joining the Consortium but we need to conclude the finalised InfraCo Contract before turning our focus to this.

It is better to do this after we have closed out the InfraCo Contract which will then enable us to fully comprehend and address the remaining actions to enable CAF to join the consortium.

We see the key steps as:

Freeze Agreed InfraCo Contract	Tuesday 29 <sup>th</sup> April 2008
BBS (H Fettig) to provide and present final proposals for CAF joining the consortium to tie	Tuesday 29 <sup>th</sup> April 2008
tie consider and review with CEC Council	Wednesday 30 <sup>th</sup> April 2008
Resolution of any issues and due diligence	Thursday 1 <sup>st</sup> May 2008

Please confirm your agreement and support for this approach to enable contract signature on 2<sup>nd</sup> May 2008.

Regards

Willie

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