



STRICTLY PRIVATE & CONFIDENTIAL

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

Our Ref: DJM/JPT

12th August 2010

Dear Mr Enenkel,

Edinburgh Tram Project

As you will no doubt be aware our relationship on this Project is at a very critical and delicate stage. In the coming weeks, there are many important issues for us to resolve. Despite the distance between us on a day-to-day basis we do recognise the valuable teamwork which has been established by our "Project Carlisle Teams". That work is currently being carefully analysed and considered by us and rather than rush to conclusions, in light of all which has gone before, we have to give time to ensure that any steps we take can be seen to be in the public interest.

However, it is very clear to us that, sooner rather than later, there will be an urgent requirement for engagement of those parties who are fully empowered to make the critical decisions on compromise. Needless to say it will be vital that they are fully informed by their respective teams of all the relevant facts and issues.

Being a single client body, albeit a public one with obligations to take full account of the public interest, it may be more straightforward for us to reach consensus and as Senior Directors, we should be in a position to facilitate and finalise a compromise without undue delay.

To that end, it would be most helpful if Richard Jeffrey and I could meet with you and the "deciding minds" of the Consortium no later than the course of the next week to exchange ideas on the format we could later adopt to reach an agreement which all parties will recognise as being in their interest.

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You will appreciate that this letter is written on an entirely without prejudice basis.

I look forward to hearing from you.

Yours sincerely



David Mackay
Chairman

cc: A Goss, Siemens
A Campos, CAF
D Darcy, Bilfinger
G Wakeford, Siemens