

Our ref: SM/SW/KC

7<sup>th</sup> August 2006

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**For the attention of Mr Bob Dawson**

**Edinburgh Tram Network: Updated Proposals and Financial Submission**

Dear Sirs,

We refer to your letter "Invitation to Negotiate for the Procurement of Infraco, Information Release", dated 25<sup>th</sup> June 2007 requesting our updated proposals and financial submission. We also refer to your letter, "Requirements for Bid Update on 7<sup>th</sup> August", dated 30<sup>th</sup> July 2007.

We enclose our submission document in response to your request in two volumes, folders 1 and 2. Please note that due to the tight timescales, we have not been able to respond fully to all of the requirements set out in your 30<sup>th</sup> July 2007 letter, and we trust that we can submit additional information in due course.

We wish to clarify our Consortium Structure and highlight a number of parts of our submission document.

- 1.1.1.g. 1) Bilfinger Berger – Siemens Consortium is an unincorporated consortium, established to Tender for and, if selected as Infraco Contractor, execute the Edinburgh Tram Network Infraco Contract. The component companies, Bilfinger Berger AG and Siemens plc, will be jointly and severally liable for the performance of the Infraco Contract.
- 1.2.16 2) We have updated our Stage 2 schedule of opportunities and added 4 new proposals at the end. The new items could yield a total cost saving in the order of £5M. This information is contained in Folder 1, Section 1, Part 1.2.
- mate 5 v2 part 3) You asked us to indicate the potential reduction in our bid price if substantial advance payments were made at the Award of Contract. For the 80% advance payment we estimate that the reduction would be approximately £10M, and for the 40% advance, £2.5M.
- M5 v2 Part 4) If the Construction Phases of 1a and 1b are concurrent the reduction in our price would be around £5M.
- 3.1.4. 5) We have reviewed the drainage information issued to us on 19<sup>th</sup> July 2007 and while we have not had sufficient time to carry out a full re-estimate we believe that, by undertaking some value engineering/re-design of the Phase 1a drainage, the increased cost to the Project could be contained to around £1M.
- 6) We have included a revised Schedule of Clarifications. The Clarifications are numbered to the system used in our Stage 2 submission with the text amended to reflect the current status. Where we now have no need to clarify an issue at this stage we have noted these as "Not used". Where we have introduced new clarifications, they are at the end of the relevant Sections.
- M5 v2 Part 7) In line with recent discussions with yourselves, we have considered alternative funding mechanisms. Based on the enclosed indicative financing schemes, we see a good opportunity to arrange an operating lease for the depot and other equipment. This would effectively transfer

£30M from capital to operating cost. We have included a proposal for leasing elements of the Infrastructure over a period of 15 years. This proposal is detailed in Folder 1, Section 1, Part 2.

- 8) With reference to item 5a in your letter dated 30 July 2007, we have reviewed the Normalisation sums and a statement and analysis is included in Folder 1, Section 1, Part 5. The total of the Normalisation sums entered by us in your table is £27.9M.
- 9) Our Maintenance Proposals are included in folder 1 Section 3, and the Maintenance Pricing is included in Folder 3, Part 3, along with all other pricing information.
- 10) The pricing information is included in Folder 2.
- a) The Highway Works is presented as an adds and omits Pricing Schedule extract. It should be read in conjunction with the revised Schedule of Clarifications and Assumptions in Folder 1, Section 1, Part 1.2.
  - b) Similarly, we have included an adds and omits Pricing Schedule extract for Sub-Stations.
  - c) A revised E&M CPA is included which incorporates revisions to prices for all E&M disciplines, including Traction Power & OLE (both as requested in your letter dated 25<sup>th</sup> June 2007). There is also a notable price revision for Track, where we have negotiated a significant reduction on the sub-contract offers which were the basis of our 8<sup>th</sup> May 2007 submission.
  - d) The technical solutions on which the revised prices are based, are included in Folder 1, Section 2, Parts 1 to 4.
- 11) A revised Grand Summary is included in Folder 2. This incorporates all of the adjustments described in 10) above and includes further commercial adjustments made after consideration by the BBS Consortium Board. Our revised Tender Sum is £254.5M

We trust that our revised offer is of great interest to you and we confirm our continuous keen commitment to the Project and we look forward to negotiations and discussions in the near future.

yours Faithfully  
for **Bilfinger Berger – Siemens Consortium**

**Scott McFadzen**  
Bilfinger Berger

**Stephen Wright**  
Siemens