

Major Transport Infrastructure Projects

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TRANSPORT
SCOTLAND

Sue Bruce
Chief Executive
City of Edinburgh Council
Waverley Court
4 East Market Street
Edinburgh
EH8 8BG

Your ref:

Our ref:

Date:

30 March 2011

Dear *Sue*

GRANT OFFER TO CITY OF EDINBURGH COUNCIL FOR CONSTRUCTION OF PHASE 1 OF THE EDINBURGH TRAM NETWORK

The above grant agreement between The Scottish Ministers and the City of Edinburgh Council expires on 31 March 2011 and Ministers' obligations to make payments in support of the tram project cease from that date.

We understand that the Council is at present working with the Bilfinger Berger, Siemens and CAF consortium towards a resolution of the current contractual disputes. On that basis I can confirm that Ministers are prepared, in the interim, to continue to make payments under the terms of the existing grant agreement while these negotiations are ongoing. This interim arrangement is entirely at Ministers' discretion, may be withdrawn at any time and will not extend beyond 31 August 2011.

Accordingly, Ministers will consider applications for instalments made by the Council after 31 March. Grant payments made in respect of such applications will be made entirely at the discretion of Ministers and otherwise subject to the conditions of the existing grant agreement. Payments will not constitute a waiver of an Event of Default or a waiver of an event which, with the giving of notice, lapse of time or other condition may constitute an event of default. Nor are such payments intended to constitute a waiver of, or to otherwise prejudice, any right of Ministers to exercise any remedy in terms of the grant agreement.

In order to assist us in our budget planning it would be helpful to have an estimated spend profile for the project from 31 March until 31 August.

I should be grateful if you would confirm that you are content with these proposed arrangements for continued grant support.

Yours sincerely

A C McLAUGHLIN