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**From:** Anthony Rush [rush\_aj@██████████]  
**Sent:** 06 July 2010 15:40  
**To:** Richard Jeffrey; 'David Mackay'; Steven Bell  
**Cc:** Jim Molyneux; Fitchie, Andrew  
**Subject:** RE: DRAFT NOTE TO DARCY WAKEFORD for comment

Thanks Richard,

I suggest that you send the following:

Dear Mr. Walker,

Project Carlisle

Thank you for your letter dated 29 June 2010 (reference 25.1.201/RJW/6133). We are pleased to confirm that Mr. Kitzman and Mr. Rush met today to continue the process of understanding you refer to. As part of that process they will no doubt take account of what you say and propose in your letter. We are hopeful that their dialogue will be successful in finding solutions which are acceptable to both Parties and inter alia will respond to your "clarifications".

Yours sincerely,

Richard Jeffrey.

Bullet Points from my meeting.

- Siemens are cash negative (bought over £25 million of materials) - BB are down to their last £9 million. Not certain that I believe either, but there we are.
- There is a problem with getting on with the works at Roseburn because of the cash required to buy piles (Jim may remember the figure)
- Ed thinks that the latest row about design audit is crazy – "they (Miquel and Russell) are only 3 doors away from each other."
- He would not be unhappy if we asked for them both to be removed from the job -"Miquel is a big part of the problem".
- He has absolutely no relationship with Darcy – didn't have any feedback from yesterday or know about the Preliminaries letter. He thought they had (now) given the right notice under Clause 41.3.
- "BSC have a 17% margin and Siemens a 15% margin" – if he calls margin what I call margin no competitive tension there then.
- "Siemens are pushing BB on the Depot groundworks so that they can lay track."
- "The on-street works in Princes Street are over the top".
- He accepts that it would be gratuitous for us to respond positively to their letter – he agrees that at the end of the day we will only do a deal if it is price and programme certain.

- It will help him if Joacim Enenkel could come over and sit down with us and tie so that he and I can explain as a “team” the blockages we need removing. He made no suggestion that these were anything but BSC blockages. I thought it a good idea (having put the thought in his mind) and he will come back to me. Enenkel is his puppet master not Reid who has problems elsewhere.
- He and Jim thought the sub-contract meetings are going well.
- No change on design delivery – but we will have to keep it under review.

Tony

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**From:** Richard Jeffrey [mailto:Richard.Jeffrey@tie.ltd.uk]  
**Sent:** 06 July 2010 11:06  
**To:** David Mackay; rush\_aj@[REDACTED] Steven Bell  
**Subject:** DRAFT NOTE TO DARCY WAKEFORD for comment

Just a short note to confirm our short conversation yesterday pm.

The purpose of the call was to discuss the progress of project Carlisle

#### Design

- We discussed the progress of the design and you assured us that you are still on target to complete the integrated assured design by 16<sup>th</sup> July, as discussed at our last meeting

#### Price

- You gave started the pricing exercise and expect to have prices back from subcontractors at the end of this week. With a couple of weeks to pull things together and go through internal processes, you are on track to give us a price by the end of July
- D Darcy asked if tie would confirm our acceptance of the issues set out in their letter of last week (5410). Tie thanked BSC for the constructive nature of the letter but R Jeffrey confirmed that we do not accept the content of the letter, for example the conditions attached to the price as written in the letter are inconsistent with the agreement reached and recorded at our last meeting. Tie will issue a formal response to letter 5410, and MR Rush and Mr Kitman will continue to lead the negotiations on this issue.

#### Agreements

- Tie will produce a first draft of an agreement for project Carlisle, as soon as possible, but in any event no later than the end of July.

#### Life post Carlisle

- Siemens raised the issue (and tie agreed) that Siemens and tie need to reach agreement on the nature of their relationship post Carlisle. Anthony Rush will lead this for tie and Julie Owen will lead this for Siemens. Ms Owen is to contact Mr Rush.

#### Approvals

- Tie advised that we have a board on 28<sup>th</sup> July and a meeting with the Cabinet Secretary later that day. We advised that, in order to keep our shareholders and funders on side with project Carlisle real tangible progress through July is essential
- BB have an internal review on 20th July
- Clarity on life post Carlisle is important for both Siemens and tie in any approvals

#### Prelims

- D Darcy explain that the e-mail sent at 2pm yesterday was sent in error and should be disregarded, BSC will respond to tie’s letter of 18<sup>th</sup> June

Next meeting will be in Edinburgh on 26<sup>th</sup> July at 1pm

**Richard Jeffrey**  
*Chief Executive*

**Edinburgh Trams**  
*Citypoint*  
*65 Haymarket Terrace*  
*Edinburgh*  
*EH12 5HD*

**Tel:** (+44) (0)131 [REDACTED]  
**Email:** richard.jeffrey@tie.ltd.uk

**Find us online (click below):**



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