

## Scheduling

The installation progress is very little and disruptive for Siemens and currently limited to the depot workshop area only. About 8,0% of overall Siemens installation works are finished (100% expected according Programme Revision 01).

Within the next month minor progress is expected in the depot area mainly for track and workshop equipment installation.

The Mediation in the last period defined a limited scope of works to proceed with. These so called prioritised works containing the remedial works of Princes Street (TRW, OLE), the Haymarket Yards area (TRW), the A8 Underpass (civil only), the Mini Test Track (TRW, OLE) and the entire Depot (all).

Further a programme has been developed to reflect the Project Phoenix works (Airport to Haymarket) following the Mediation outcome. This programme has the following Section Completion (SC) dates:

SC-A 16 Dec 2011 / SC-B 07 Feb 2012 / SC-C 27 Oct 2013 / SC-D 25 Jan 2014

and is currently being reviewed by the client.

## Design & System Engineering

Following the mediation in March 2011, BSC including SDS and CEC have agreed to fast-track planning and technical consents. To this end, CEC have co-located with BSC at Edinburgh Park a core team of 7 with expansion to 11 as necessary dependent on the disciplines required. There has been a huge effort with resulting success in closing informatives and informative-related issues, with CEC working up to 7 days per week.

Additionally, an escalation structure was clearly identified to ensure that any blockages to progress could be dealt with quickly and this is working well. Tight deadlines agreed at the mediation are being achieved, although a short list of exceptions has been reported to and accepted by CEC.

A decision at the mediation agreed with CEC was for Infracore to be self-certifying, with no ongoing requirement to submit designs to tie for endorsement under Schedule Part 14. Design submissions are now being sent to tie for information only, in recognition of tie's role in safety verification. With regard to any legacy records of review, from pre-mediation submissions, these have been duly acknowledged and taken into account as required under Schedule Part 14, but the extent of any response is decided on a case by case basis.

As well as CEC's newly defined modus operandi with respect to technical approvals and informative close-out, CEC also has taken on a more active management of tie and TEL, in place of the "arms length" approach of the past. This means that, for decisions required from the client or operator or, indeed, from any third parties, that even not of technical interest to CEC for closing informatives, they will escalate as necessary to ensure Infracore has a decision timeously. This new procedure is also working well and is, to all intent and purpose, seamless with the technical escalation procedure.

Under the new regime, trackwork records of review that resulted in a retrogressive endorsement from A or B to C do not now need to impede completion of trackwork design. On-street trackwork design, in particular, has now been developed to a stage, in conjunction with BB, SDS and CEC, where it now has approval in principle, following a presentation on 31 March 2011. This is now being fully developed and consent is anticipated by all parties within another two weeks.

Siemens design status with respect to informatives is now as follows:

LOT	Closed informatives	Open informatives	Comments
SIG	1	4	2 related to Traffic Modelling 2 dependent on SDS drawings
TRW	3	2	Trackform approval agreed in principle Full submission within 2 weeks
OLE	5	1	Relating to collision risk assessment by SDS
COMMS SCADA	0	0	Some issues under Tramstop informatives Siemens issues are agreed in principle

A programme of final IDCs has been agreed to co-ordinate with completion of design. These IDCs are now scheduled for mid-April.

All individual DAS have been brought up to date and will be revised as necessary to keep them synchronised with design progress. SDS still has to issue its system-wide DAS. Integrated DAS likewise are all drafted, although these are subject to a degree of configuration management which is ongoing. Integrated DAS are dependent on obtaining signatures on all IDC certificates. These certificates also need configuration management or further IDCs to bring up to date and this process is ongoing. To this end, BB has been tasked with providing a flowchart to manage configuration and traceability. The Infracore position on all DAS is that they are "works in progress" and will be kept aligned with design as far as possible, but will be finalised after design completion.

Requirement Management being co-ordinated by Siemens is progressing well. A backlog of entries has now been brought up to date in the database all incomplete entries have been identified and allocated to an appropriate party for completion. This process is also flushing out a number of entries where ownership has been questioned and an escalation procedure has been set up to deal with these effectively. There are a number of open design issues not specifically subject of an informative, yet necessary to complete the designs. These are being managed alongside the informatives close-out programme, with opportunities within the same management forums to escalate if necessary.

### **Installation**

Track work is progressing in the depot. Track installation in the workshop building on track 4 is complete, the installation of workshop tracks 2 and 3 are complete. In the stabling area 2B has had all fish plates installed and the road crossing has been concreted and is now in use. The platforms on 2C have been poured by Bilfinger Berger and ballast bed being prepared for handover. The installation of the tram wash track is ready to commence.

Temporary remedial work continues to be carried out in Princes Street on a "safety-critical" basis. The proposal issued in January to carry out an all concrete repair to South St David Street is now superseded by progress with CEC on agreeing a permanent repair detail and strategy. It is likely that these will be formally agreed within the next two weeks. It is understood that tie is currently opposed to permanent repairs in Princes Street during 2011 and wishes to defer to 2012. A joint BB/Siemens case for doing the work during 2011 is currently being prepared

The substation has now been connected and tested, still awaiting Scottish Power to agree gapping of the earth on their supply.

The control room is having design finalized to accommodate CCTV flat screens within a display wall. The design has been approved and all items of furniture have been ordered.

The UPS for the Comms has been installed and commissioned the Substation UPS has also been installed and commissioned. The equipment room has been partially fitted out with cabinets.

The depot has problems with water ingress into the cabling troughs and routes a pump has been employed to alleviate this, a designed pump system is nearly complete.

The Depot equipment installation has started light and heavy store rooms which have been handed over, and the racking out has now been completed. Various equipment has been installed in the dirty workshop area. The double girder crane was successfully installed and commissioned, the tram wash plant room installation has commenced and preparation for the installation of the wheel lathe has been done ready for installation next month

## Supply

### General

### DWE

Compressed air equipment.  
Hydraulic pan jacks.  
Access locks.

### SIG

BARCO Control Centre Displays.  
Signalling cable.

### COM

Tramstop equipment cabinets..

### SCA

No updates.

### TPS

Earthing and Bonding materials..  
Distribution Boards.

### OLE

Small outstanding materials.

### TRW

No updates.

## Contractual Issues:

The critical contractual issues currently being addressed with our respective contracting parties are as follows:

### 1. Tie [Client]

On 24 February 2011 Infraco submitted its 'Project Phoenix Proposal' designed to provide a revised programme and price for a reduced project scope between Edinburgh Airport and Haymarket. Thereafter, a formal mediation between the Infraco and **tie** took place between 08 March and 12 March 2011 at Mar Hall in Glasgow. Representatives from City of Edinburgh Council and Transport Scotland were also in attendance. During the Mediation the parties reached a common understanding on the key issues that had been impeding the progress of the Infraco Works. The parties continue to seek formal agreement to implement the understanding reached in Mediation. This process is ongoing and its success will determine the future of both the Project and of the relationships between the parties.

Disputes- On 02 March 2011, prior to the Mediation at Mar Hall, the Adjudicator found in favour of Infraco in the dispute relating to payment of preliminaries [Dispute 16]. As a result Infraco is entitled to payment of outstanding preliminaries of £14Million.

Pending the outcome of post mediation discussions the parties have mutually agreed to suspend all ongoing disputes until September 2011, namely DRP 18, DRP 21, and DRP 24-28 Inclusive. *Please see the **attached DRP Schedule**.*

Extensions of Time- 'Section A Extension of Time'-On 04 March 2011 Infraco submitted an Estimate in support of its extension of time request in respect of various **tie** Changes impacting upon Section A. The Estimate was submitted following completion of an external review of the delay analysis and methodology contained in the Estimate. In light of the constructive exchange during the Mar Hall Mediation the parties have agreed to suspend consideration of this Estimate and the associated extension of time and prolongation claim.

The parties have also agreed to suspend further consideration of MUDFA 2 [INTC 536] Estimate, following the earlier instigation of dispute proceedings on 18 January 2011.

### 2. Bilfinger Berger

Following the Mar Hall Mediation Bilfinger Berger and Siemens are working closely to progress design approvals and to seek formal agreement with the **tie**/CEC to implement the understanding reached in Mediation at Mar Hall. Both Siemens and Bilfinger Berger have committed to open and collaborative working relations in the interests of project delivery.

Discussions are ongoing with Bilfinger and with **tie** regarding possible progress of off-street works and, in particular, Depot Works, thereby enabling us to complete the Depot and deliver trams and thereby, reduce our risk exposure to claims from CAF and liquidated damages for late completion of Section A and Section B of the Works [the Depot and the Test Track].

### **3. CAF**

On 31 January 2011 agreement was reached with **tie** in respect of the CAF element of the claim for MUDFA Rev. 8 in the agreed sum of €785,797. This claim, when paid, will reimburse CAF for storage costs at Irun, and will reduce our risk/exposure to CAF claims under the Tram Supply Agreement [TSA].

We have currently agreed to suspend pursuit of CAF's claims in respect of 'MUDFA 2' and 'Section A EOT' pending the outcome of post Mediation discussions.

### **4. BAM**

Mutually agreed termination discussions between BAM and Siemens have stalled and BAM has raised three (3) new disputes and has re-commenced dispute proceedings in relation to one (1) earlier dispute that had been suspended by agreement. The trackwork team are defending these four disputes. If agreement is not reached in mediation these disputes will proceed to adjudication.

In parallel, Siemens is reconsidering both its short term and long term options to procure the completion of design and installation of trackwork. Termination of BAM sub-contract remains an option in light of serious concerns regarding lack of progress of both design and site installation and general lack of co-operation. Consideration has also been given to provision of specific instruction to deliver and vest ownership in materials required to complete the Depot in order not to hinder progress of works to the Depot.

## **Staff Issues**

Mathias Hecht is leaving Siemens and our project at the end of June. We are currently interviewing for his replacement.

We have gained a Testing & Commissioning manager, Pall Palsson. He'll begin working from his home until after Easter when he'll join us in Edinburgh.

Michael Self is taking on a new role in the project, helping out with the Employers Requirements with Selina Ho.

**DISPUTE SCHEDULE**

Revised 1 April 2011

Inactive processes shown shaded green

Activity	Timeline	Start Date	End Date	Raised by	Result in favour of
Dispute A - Princes Street Works	Settlement reached in Mediation		20 Mar 09	tie	Infraco
Dispute B - 17.5% Uplift for Civil Engineering Works	Settlement reached in Mediation		03 Jun 09	tie	Infraco
Dispute 01 - Valuation of EOT1	Settlement reached in Mediation		05 Nov 09	tie	Infraco
Dispute 02 - Hilton Car Park	Adjudication Complete		13 Oct 09	tie	tie
Dispute 03 - Gogarburn Bridge	Adjudication Complete		16 Oct 09	tie	Infraco
Dispute 04 - Carrick Knowe Bridge	Adjudication Complete		16 Oct 09	tie	Infraco
Dispute 05 - Russell Road Retaining Wall 4	Adjudication Complete		04 Jan 10	Infraco	Infraco
Dispute 06 - MUDFA Rev. 8	Adjudication Complete		23 Jul 10	Infraco	Infraco
Dispute 07 - Haymarket Viaduct	Settlement reached during Internal DRP			tie	Infraco
Dispute 08 - Baird Drive Retaining Wall	Settlement reached during Internal DRP			tie	Infraco
Dispute 09 - Balgreen Road Retain Wall	Settlement reached during Internal DRP			tie	Infraco
Dispute 10 - Section 7 Drainage	Adjudication Complete		25 May 10	tie	Infraco
Dispute 11 - Depot Access Bridge	Adjudication Complete		22 Sep 10	Infraco	Infraco
Dispute 12 - Tower Place Bridge	Adjudication Complete		18 May 10	tie	tie
Dispute 13 - Clause 80.13	Adjudication Complete		09 Aug 10	Infraco	Infraco
Dispute 14 - Landfill Tax	Adjudication Complete		28 Nov 10	Infraco	Infraco
Dispute 15 - Approval of Key Sub-Contractor sub-contracts	Adjudication Complete		13 Dec 10	Infraco	tie
Dispute 16 - Payment of Preliminaries	Adjudication Complete		02 Mar 11	Infraco	Infraco
Dispute 17 - Section 7 Drainage (ND 6&7)	Settlement reached during Internal DRP			Infraco	Infraco
Dispute 18 - Payment for Princes Street Works		17 Sep 10		Infraco	Adjudication - On Hold
<b>Adjudication</b>	<b>Notice of Referral to Adjudication</b>	<b>11 Jan 11</b>			
Potential Adjudicators respond	(within 3 calendar days of Notice of Adjudication) Actual Date	11 Jan 11	14 Jan 11		
Parties seek to agree Adjudicator	(within further 2 calendar days of above) Actual Date	14 Jan 11	17 Jan 11		
If agreed, Adjudicator asked to act; or	(within further 1 calendar day of above) Actual Date	17 Jan 11	18 Jan 11		
If not agreed, Responding Party chooses	(within further 2 calendar days of above) N/A	N/A	N/A		
Adjudicator advises willingness to act	(within 2 calendar days of being asked) Actual Date	17 Jan 11	18 Jan 11		
Referring Party Submits Referral	On date of Adjudicator Appointment (or within 7 d of NOD) Actual Date	18 Jan 11	18 Jan 11		
Responding Party Submits Response	Adjudicator Timetable - Actual Date	01 Feb 11	01 Feb 11		
Referring Party Submits Retort	Adjudicator Timetable - Actual Date	11 Feb 11	11 Feb 11		
Responding Party Submits Rejoinder	Adjudicator Timetable - Actual Date	18 Feb 11	18 Feb 11		
QS Meetings (2 days)	Adjudicator Timetable (2 Days) - Extended by agreement	14 Mar 11	15 Mar 11		STAYED OR "FROZEN" TILL SEPTEMBER 2011
Hearing	Adjudicator Timetable - Extended by agreement	16 Mar 11	16 Mar 11		STAYED OR "FROZEN" TILL SEPTEMBER 2011
Adjudicator reaches decision	(between 28 and 42 days from date of Referral) - Extended	15 Feb 11	25 Mar 11		STAYED OR "FROZEN" TILL SEPTEMBER 2011
Dispute 19 - Section 5B Drainage	Settlement reached during Internal DRP			tie	Infraco
Dispute 20 - Section 5C Drainage	Settlement reached during Internal DRP			tie	Infraco
Dispute 21 - Undsay Road Lowering		30 Nov 10		tie	Mediation - On Hold
<b>Internal DRP</b>	<b>Actual Date Used</b>	<b>30 Nov 10</b>	<b>30 Nov 10</b>		
Notification of Dispute	(within 3 business days of Notice of Dispute) Actual date	03 Dec 10	03 Dec 10		
Internal Resolution Procedure	(within 7 business days of Notice of Dispute) Actual Date	09 Dec 10	09 Dec 10		
Position Paper / Meeting of Heads	(within 20* business days of Notice of Dispute) Actual Date	13 Jan 11	13 Jan 11		
Escalation - Paragraph 10 Applies	(within further 5 business days of above) Actual Date	18 Jan 11	18 Jan 11		
Chief Executives seek to agree method					
<b>Mediation</b>	<b>Actual Date</b>	<b>18 Jan 11</b>			
Referral to Mediation					
Mediation	Actual Date	10 Feb 11	11 Feb 11		
Mediation extension to be agreed	Parties reviewing their positions to reconvene at a date to be agreed	TBA	TBA		STAYED OR "FROZEN" TILL SEPTEMBER 2011
Dispute 22 - Bankhead Drive Retaining Wall	Settlement reached in Mediation		10 Feb 11	tie	Infraco
Dispute 23 - South Gyle Access Bridge	Settlement reached in Mediation		10 Feb 11	tie	Infraco
Dispute 24 - MUDFA 2 (INTC 536)		18 Jan 11		Infraco	Mediation - to be arranged - On Hold
<b>Mediation</b>	<b>TBA</b>				
Referral to Mediation					
Mediation proposed by tie	Mediation proposed after W/E 11 March 2011 - TBA				STAYED OR "FROZEN" TILL SEPTEMBER 2011
Dispute 25 - Section 5B - Roads, Street Lighting and Road Drainage (INTC 204)		01 Feb 11		tie	Internal DRP Process - On Hold
<b>Internal DRP</b>	<b>Actual Date Used</b>	<b>01 Feb 11</b>	<b>01 Feb 11</b>		
Notification of Dispute	(within 3 business days of Notice of Dispute) Actual Date	01 Feb 11	03 Feb 11		
Internal Resolution Procedure	(within 7 business days of Notice of Dispute) Actual Date	24 Feb 11	24 Feb 11		
Position Paper / Meeting of Heads	(within 20* business days of Notice of Dispute) by agreement	15 Mar 11	15 Mar 11		STAYED OR "FROZEN" TILL SEPTEMBER 2011
Escalation - Paragraph 10 Applies	(within further 5 business days of above)	22 Mar 11	22 Mar 11		STAYED OR "FROZEN" TILL SEPTEMBER 2011
Chief Executives seek to agree method					
Dispute 26 - Section 5C - Roads, Street Lighting and Road Drainage (INTC 205)		01 Feb 11		tie	Internal DRP Process - On Hold
<b>Internal DRP</b>	<b>Actual Date Used</b>	<b>01 Feb 11</b>	<b>01 Feb 11</b>		
Notification of Dispute	(within 3 business days of Notice of Dispute) Actual Date	01 Feb 11	03 Feb 11		
Internal Resolution Procedure	(within 7 business days of Notice of Dispute) Actual Date	24 Feb 11	24 Feb 11		
Position Paper / Meeting of Heads	(within 20* business days of Notice of Dispute) by agreement	15 Mar 11	15 Mar 11		STAYED OR "FROZEN" TILL SEPTEMBER 2011
Escalation - Paragraph 10 Applies	(within further 5 business days of above)	22 Mar 11	22 Mar 11		STAYED OR "FROZEN" TILL SEPTEMBER 2011
Chief Executives seek to agree method					
Dispute 27 - Section 2A - Roads, Street Lighting and Road Drainage (INTC 212)		01 Feb 11		tie	Internal DRP Process - On Hold
<b>Internal DRP</b>	<b>Actual Date Used</b>	<b>01 Feb 11</b>	<b>01 Feb 11</b>		
Notification of Dispute	(within 3 business days of Notice of Dispute) Actual Date	01 Feb 11	03 Feb 11		
Internal Resolution Procedure	(within 7 business days of Notice of Dispute) Actual Date	24 Feb 11	24 Feb 11		
Position Paper / Meeting of Heads	(within 20* business days of Notice of Dispute) by agreement	15 Mar 11	15 Mar 11		STAYED OR "FROZEN" TILL SEPTEMBER 2011
Escalation - Paragraph 10 Applies	(within further 5 business days of above)	22 Mar 11	22 Mar 11		STAYED OR "FROZEN" TILL SEPTEMBER 2011
Chief Executives seek to agree method					
Dispute 28 - Section 5A - Roads, Street Lighting and Road Drainage (INTC 528)		01 Feb 11		tie	Internal DRP Process - On Hold
<b>Internal DRP</b>	<b>Actual Date Used</b>	<b>01 Feb 11</b>	<b>01 Feb 11</b>		
Notification of Dispute	(within 3 business days of Notice of Dispute) Actual Date	01 Feb 11	03 Feb 11		
Internal Resolution Procedure	(within 7 business days of Notice of Dispute) Actual Date	24 Feb 11	24 Feb 11		
Position Paper / Meeting of Heads	(within 20* business days of Notice of Dispute) by agreement	15 Mar 11	15 Mar 11		STAYED OR "FROZEN" TILL SEPTEMBER 2011
Escalation - Paragraph 10 Applies	(within further 5 business days of above)	22 Mar 11	22 Mar 11		STAYED OR "FROZEN" TILL SEPTEMBER 2011
Chief Executives seek to agree method					
Dispute 29 - Section 5C - A8 Underpass W28 - (INTC 103)		14 Feb 11	21 Feb 11	tie	Withdrawn by tie
<b>Internal</b>	<b>Actual Date Used</b>	<b>14 Feb 11</b>	<b>14 Feb 11</b>		
Notification of Dispute	(within 3 business days of Notice of Dispute) Actual Date	14 Feb 11	17 Feb 11		
Internal Resolution Procedure	tie letter INF CORR 7385-FD Dated 21/2/2011		21 Feb 11		
tie withdraws the Notice of Dispute					

ALL DISPUTES NOT RESOLVED ARE STAYED OR "FROZEN" TILL SEPTEMBER 2011 (REFER INFRACO LETTER KDR/8226 AND TIE LETTER INF CORR 7586.FD)

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