

From: Gregor Roberts
Sent: 18 February 2011 10:11
To: Nigel Robson; 'Anthony Rush'; Dennis Murray; BrandonNolan; Jim Molyneux; Colin Smith; Richard Jeffrey; Steven Bell
Cc: Alan Coyle
Subject: Conference call - Financials for Monday - Strictly P&C - Not for FOISA
Attachments: Deckchair Update18022011.pptx

All,
 In order that we have a better like with like comparison between our Phoenix and Separation figures I have made some slight amendments to the figures. In the round the movements are not material, but I thought that it would be useful to ensure that our focus this afternoon was on the bigger ticket items.

Adjustments to the numbers from the previous slides are as follows (adjustments to slides 1&2 per the attached):

Adjustments	Tie Phoenix £m	BSC Phoenix £m	Separation £m
Total per previous slides to St. Andrews Square	639.5	748.1	639.5
Non BSC 'Other' the requirement for Interim works and site security is removed from Phoenix as we are Carrying On. Furthermore there is a PM project cost of £5m added to Separation relating to time at £0.4m pcm	-11.9	-11.9	+5.0
Non BSC 'Other' the assumption that we will recover - £4.3m for the 3 rd party funded works has been removed. This is a significant CEC risk and only included in the Newhaven Option (as the majority of the works are at Forth Ports)	+4.3	+4.3	+4.3
Highly Variable Elements The assumption that we will be able to immediately lease Trams has been removed from the Capital Build Cost estimate. We may well get an upside on leasing. This was a risk and will be a CEC upside if converted.	+10.5	+10.5	+10.5
Updated Total Cost per Slides attached	642.4	751.0	659.3

When we are on the conference call this afternoon we should refer to the slides attached.

Dennis and I will circulate a response to Nigel's queries prior to the conference call.

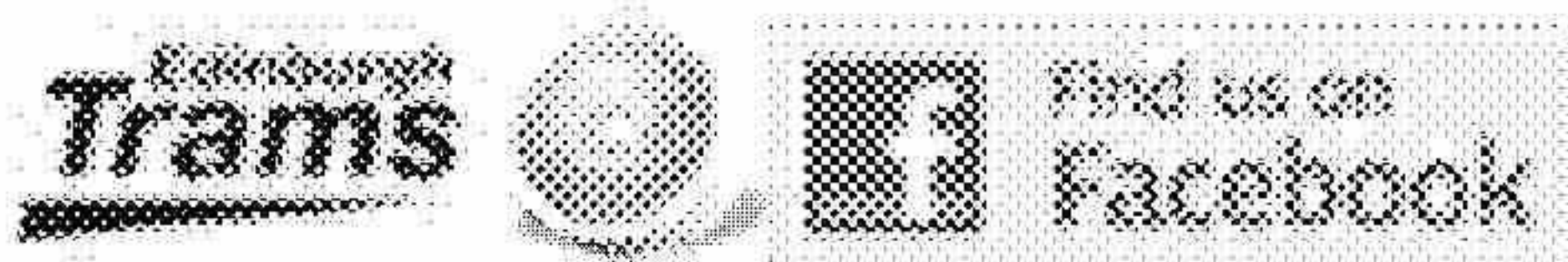
Regards,
 Gregor

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From: Nigel Robson [[mailto:robson.nigel@\[REDACTED\]](mailto:robson.nigel@[REDACTED])]
Sent: 17 February 2011 16:55
To: Gregor Roberts; 'Anthony Rush'; Dennis Murray; BrandonNolan; Jim Molyneux; Colin Smith; Richard Jeffrey
Subject: Conference call - Financials for Monday

All,

We have an hour for the conference call tomorrow to deal with the 'deckchair' figures. Can I suggest that we limit ourselves to:

- 1 - we ensure that there is a clear understanding of the methodology and of the figures themselves.
- 2 - query/challenge the figures which look wrong
- 3 - highlight any omissions/judgements which would significantly influence the figures or collections
- 4 - agree any further work or presentational adjustments in advance of Monday

I am keen that we do not rush to judgements or positions at this stage. This is 'work in progress', and we have had nothing yet from the Infraco side. There is also an analysis of the DM figures and paper circulated yesterday which may inform these figures.

If you have queries or questions in advance then please email Dennis/Gregor so that they can pick up as much as possible pre con call.

Dennis/Gregor - initial queries/thoughts:

- 1 Please explain the interaction of the £33m premium (124 - 91) with the £11m deduction (residual amount of prelims not yet earned?) and the £14.3m Advanced Purchases (presumably Siemens kit?)
- 2 Am I correct that the QS figures "to go" are based on the CS BoQs, but the rates are from the Infraco contract - and what treatment for escalation?
- 3 What allowance/variance has been made for time to completion depending upon which outcome is adopted, and are there revenue considerations?
- 4 Do we need to factor Princes St remedials into the equations as a cost - or is it covered?
- 5 Separation would involve a premium to settle the historic claims and demobilisation/sub con costs. Are the sums of £11m added back in, and £10m settlement intended to cover these, and are they enough?
- 6 Please explain the £10m credit on the Bond?
- 7 How confident are we in relation to the extent of the notified value of claims, ie what is still to emerge?
- 8 The Siemens kit is a big 'swing' item at £14.3m? Does this relate to Airport/St Andrews Sq., or is it also for the work beyond St A Sq.? In a Project Separation scenario if they don't co-operate is there another figure we should factor in?

Regards,

Nigel