

Debbie Harkness

Exhibit K

From: Alastair Maclean
Sent: 07 December 2010 12:30
To: Debbie Harkness
Subject: FW: Trams - strictly private and confidential

ppr

-----Original Message-----
From: Alastair Maclean
Sent: 07 December 2010 12:30
To: Jim Inch
Subject: FW: Trams - strictly private and confidential

Jim

This is one of many emails from Richard and I have to say I do wonder if I am the most appropriate person for him to start to direct his day to day operational queries to when he has a whole legal team behind him.

On this particular point there is a significant issue which I set out in my note to you of a few weeks ago.

I do not think leaving the investigation to AS is the right way forward and I do think that we should be asking internal audit to have a forensic look into this asap. We should also be asking RJ to explain exactly what he has said to DLA and what response he has received. I am aware that he has cut DLA's involvement down considerably but not completely and I think that is a misjudgment on his part that we should be asking him to resolve by removing DLA entirely and asking for all records to be mandated to his new lawyers (McGrigors) for reasons of possible evidence protection should it ever come to that.

A

-----Original Message-----
From: Richard Jeffrey [mailto:Richard.Jeffrey@tie.ltd.uk]
Sent: 07 December 2010 11:24
To: Tom Aitchison; Donald McGougan; Alastair Maclean
Subject: strictly private and confidential

I refer to the note of the CEC/BSC meeting handed to me at our meeting yesterday.

Para 3.1.3 refers to misrepresentation (by tie I assume) to CEC

This is not a new accusation by BSC, indeed they have also often referred to a 'gentlemen's agreement' that they allege existed at the time.

Whilst making no comment as to the validity of these accusations, they are serious and persistent allegations. It is also my view that, at least superficially, it appears that there may be a mismatch between the information provided to full council at and around the time of contract signature in various papers and the reality of how the Infraco contract has played out.

These allegations call into question the professional competence and integrity of the people involved at the time, (and I must stress are strenuously refuted by those to whom I have spoken).

Given all the above, I believe it is an appropriate response at this time to conduct a preliminary investigation into these allegations and certain other related allegations. To this end I have, with the approval of my Chairman, and the Chair of my audit committee already appointed Anderson Strathern to conduct such a preliminary investigation. AS were appointed in early November, and are due to report by Christmas. AS are not conducting a forensic audit at this point, although that may come later.

Their brief can be summarised as investigation of the following 3 areas *Were proper standards of corporate governance and control exercised in relation to the payments of

bonuses to staff and consultants at the time of contract signature?

*Is there any evidence to support the accusation that the board of tie and or CEC were misled as to the facts and risks surrounding the Infraco contract in the run up to and at the time of contract signature?

*Is there evidence to suggest any grounds for a claim of professional negligence against DLA in relation to their role up to and at the time of contract signature.

You will appreciate the huge sensitivity (both internally and externally) of such an investigation which is why I have kept things strictly on a need to know basis up to know. In light of Richard Walker's comments to CEC last week I thought you should now be aware of the work I am undertaking.

You should also be aware that McGrigors are also investigating the correspondence between BSC and tie in the run up to contract signature as this may have a bearing on any future litigation, it is also relevant to Anderson Strathern's work and both AS and McGrigors are coordinating their efforts.

I will of course share the Anderson Strathern report with you, but it is a report being prepared for me as CEO of tie. Should CEC wish to conduct its own investigation I would request that this is not done until after you have seen the AS report, and ideally after we have resolved the current impasse with BSC, history will not change whenever such an investigation takes place.

Regards

Richard

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