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**From:** Hawksworth, Keith J.  
**Sent:** 06 March 2007 18:09  
**To:** Reynolds, Steve  
**Cc:** Ayres, Greg; Lun, Patrick  
**Subject:** RE: Edinburgh Tram SDS Contract - Weekly Report

Thank you Steve

If I understand you correctly we have a lot to do just to achieve zero margins—look forward to your advice on the recovery strategy

See you in a few weeks

Regards Keith

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**From:** Reynolds, Steve  
**Sent:** Tuesday, March 06, 2007 5:41 PM  
**To:** Hawksworth, Keith J.  
**Cc:** Ayres, Greg  
**Subject:** RE: Edinburgh Tram SDS Contract - Weekly Report

Keith

Taking your last point first, yes, a Mr Brian Farrell has been earmarked to assist as required as a facilitator. Mr Farrell is ex Edinburgh City Council and now retired. He is apparently well connected with the key people at the CEC.

On the specific question re margin, no, the £600k is not a bonus. To achieve zero margin with the current forecast at completion date requires the collection of approximately £1.4m in variations /claims. Hence, attainment of a zero margin position would require recovery of the £600k plus utilisation of all available contingencies.. Hence the need for the recovery strategy to which you refer and which I will cover as a key topic in my next update. (After I have had two key meetings on the topic this week with TIE).

Regards - Steve

Stephen C Reynolds  
Director

PB  
Manchester Technology Centre  
Oxford Road, Manchester, M1 7ED

Direct +44 (0) [REDACTED]  
Mobile +44 (0) [REDACTED]  
Fax +44 (0) [REDACTED]

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**From:** Hawksworth, Keith J.  
**Sent:** 05 March 2007 17:52  
**To:** Reynolds, Steve  
**Cc:** Ayres, Greg  
**Subject:** RE: Edinburgh Tram SDS Contract - Weekly Report

Thank you Steve and I really appreciate the gain in momentum since you jumped in to what is clearly beyond just “challenging

Can you cover in next weeks update how we now recover / manage our relationship with the (revised) TIE client structure. Do you have a strategy to work with (or perhaps around) Trudi Craggs given the restructuring of TIE. It would appear that if her stated position is held then some Ps 433k is at risk.

I also note that 50% of the outstanding CCR's are > 6 months and a low % of recovery is stated in table 1. Overall forecast recovery is at 600K vs 1.9M (so a drop of 1.3M – presumably 433K due to issues before Trudi – are the other items in the 870k---categorized and have we a strategy for their collection please cover in next update

I note from Greg reports that the commercial outcome at present forecast for the project is zero margin –how does this compare with the 600K we believe can be recovered—will the 600k be a bonus?

Thanks again Steve for getting this moving

Regards Keith

PS Steve—Did Willie Gallagher deliver on putting in place a ‘facilitator’ to resolve the client side issues??  
I am due to meet him again this month on 26th

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**From:** Reynolds, Steve  
**Sent:** Saturday, March 03, 2007 3:01 AM  
**To:** Hawksworth, Keith J.  
**Cc:** Ayres, Greg  
**Subject:** Edinburgh Tram SDS Contract - Weekly Report

Keith

Please find attached my weekly report. I look forward to picking up with you on matters arising. Next week is key to our continuing commercial negotiation and I shall keep you informed as the dialogue progresses with TIE.

Regards - Steve

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Stephen C Reynolds  
Director

PB  
Manchester Technology Centre  
Oxford Road, Manchester, M1 7ED

Direct +44 (0) [REDACTED]  
Mobile +44 (0) [REDACTED]  
Fax +44 (0) [REDACTED]