From: Willie Gallagher [Willie.Gallagher@tie.ltd.uk]

Sent: 09 May 2008 20:01

To: Ayres, Greg

Cc: Reynolds, Steve; Glenn, Stuart; Steven Bell; Jim McEwan

Subject: RE: Letter from Greg Ayres

Greg,

Thanks. I will not be in the office from 9.30 until 12noon, why don't we meet for lunch?

I am concerned about the request for additional cost. My understanding was that Jim & Steve only a few weeks ago concluded the final cost of novation. Since then, we have all been working hard on the day job in finishing the Design & working with CEC to get the necessary permissions - indeed, my perception is that SDS are currently as productive as the have ever been.

Last week, the Edinburgh Tram Project was on the verge of being cancelled by the Government. Today, I have had to meet with Ministers to reassure them that we can achieve contract close and deal with the flak of all the cost increases we have had to report in the recent CEC report. On Monday morning, I have to appear in front of the CEC Tram Committee to explain further bad news - bottom line I cannot sanction more money from budgets I do not possess.

I strongly urge you to remember the support I personally have provided for SDS, in particular being a strong reference at a difficult time for the Manchester project. I have always tried to take a fair perspective and provide support for Steve, sometimes in a hostile environment. If we get started on building 1(a), then 1(B) will come. I am working with Transport Scotland on a much bigger proposal for Trams which involves the Border Railway, South Suburban Line and Tram Line 3. But I need the credibility to get this contract started.

I suggest that Steven, Jim & Steve meet in the morning to discuss the Commercial & Contract issues you are concerned about - I can add little to this anyway. I will get back to the office as soon as I get away from the Committee.

Regards,

Willie

----Original Message----

From: Ayres, Greg [mailto:AyresG@pbworld.com]

Sent: 09 May 2008 19:09 To: Willie Gallagher

Cc: Reynolds, Steve; Glenn, Stuart
Subject: RE: Letter from Greg Ayres

Willie, I met with Steve and some of the PB team today to review the analysis of our submission for additional costs, and am content that we have a sound basis for discussion on Monday. I would like to confirm that I will be in Edinburgh all day on Monday, and look forward to meeting with you. Stuart Glenn, who you met during our last meeting, is currently in the UK and may accompany me, depending on his other commitments that day.

I understand that we also made good progress today on the items mentioned in your email, and that Jim and Steve have been in contact several times today.

Possibly you could call or email me over the weekend to confirm a time on Monday. Failing that I should be at your offices and available from

0930 onwards Steve will definitely be with me.

Regards

Greg

```
----Original Message----
```

From: Willie Gallagher [mailto:Willie.Gallagher@tie.ltd.uk]

Sent: 08 May 2008 18:35

To: Broughton, Sue; Ayres, Greg; Reynolds, Steve; Jim McEwan; Steven Bell; Fitchie, Andrew

Subject: RE: Letter from Greg Ayres

Greg,

Just received your letter and note the contents. Obviously happy to meet on Monday to discuss.

I am also very pleased to let you now that tie now has complete agreement with BBS and with CAF on the terms and conditions of the Edinburgh Tram Project Contract Suite, following quality control due diligence commenced on April 24th. The firm and planned contract close date is Tuesday 13th May.

I am now relying upon Parsons Brinkerhoff to conclude the essential tripartite discussion on the SDS Novation, including all elements of the ancillary documentation. A meeting is urgently needed tomorrow to achieve close and to demonstrate conclusively to BBS that this is so.

Delay to the planned close would have immediate financial implications for tie and the project and could destabilise the procurement at a critical stage. I would appreciate the assembly of your team and legal presence to ensure that we are complete with you tomorrow on all matters.

In addition I shall be taking with me to the CEC Policy and Strategy meeting on Monday signed letters from all four parties, confirming their senior management's commitment to proceed to formal signature. The political profile of the signing is now appreciable.

Could you discuss this with Steve tonight to organise. Jim McEwen should be his initial point of contact, I have asked Jim to call Steve to progress.

----Original Message----

From: Broughton, Sue [mailto:BroughtonS@pbworld.com]

Sent: 08 May 2008 17:10

To: Willie Gallagher; Julie Thompson Subject: Letter from Greg Ayres

<<SFXF7.pdf>>

Please find attached letter from Greg Ayres.

Kind regards Sue Broughton

-----Original Message-----From: UKScanningCopier Sent: 08 May 2008 17:08

To: Broughton, Sue

Subject: Scanned document <1 page ~49 KB> -- 08/05/2008 17:07:57

This PDF file was created using the eCopy Suite of products. For more information about how you can eCopy paper documents and distribute them by email please visit http://www.ecopy.com

NOTICE: This communication and any attachments ("this message") may contain confidential information for the sole use of the intended recipient(s). Any unauthorized use, disclosure, viewing, copying, alteration, dissemination or distribution of, or reliance on this message is strictly prohibited. If you have received this message in error, or you are not an authorized recipient, please notify the sender immediately by replying to this message, delete this message and all copies from your e-mail system and destroy any printed copies.

--

The information transmitted is intended only for the person to whom it is addressed and may contain confidential and/or privileged material.

If you are not the intended recipient of this e-mail please notify the sender immediately at the email address above, and then delete it.

E-mails sent to and by our staff are monitored for operational and lawful business purposes including assessing compliance with our company rules and system performance. TIE reserves the right to monitor emails sent to or from addresses under its control.

No liability is accepted for any harm that may be caused to your systems or data by this e-mail. It is the recipient's responsibility to scan this e-mail and any attachments for computer viruses.

Senders and recipients of e-mail should be aware that under Scottish Freedom of Information legislation and the Data Protection legislation these contents may have to be disclosed to third parties in response to a request.

tie Limited registered in Scotland No. SC230949. Registered office - City Chambers, High Street, Edinburgh, EH1 1YT.

- -

The information transmitted is intended only for the person to whom it is addressed and may contain confidential and/or privileged material. If you are not the intended recipient of this e-mail please notify the sender immediately at the email address above, and then delete it.

E-mails sent to and by our staff are monitored for operational and lawful business purposes including assessing compliance with our company rules and system performance. TIE reserves the right to monitor emails sent to or from addresses under its control.

No liability is accepted for any harm that may be caused to your systems or data by this e-mail. It is the recipient's responsibility to scan this e-mail and any attachments for computer viruses.

Senders and recipients of e-mail should be aware that under Scottish Freedom of Information legislation and the Data Protection legislation these contents may have to be disclosed to third parties in response to a request.

tie Limited registered in Scotland No. SC230949. Registered office - City Chambers, High Street, Edinburgh, EH1 1YT.
