



Mr Andreas Goss  
CEO Siemens plc and North West Europe  
Siemens plc  
Sir William Siemens Square  
Frimley  
Camberley GU16 8QD

Our Ref: DJM/JPT

23<sup>rd</sup> December 2009

Dear Mr Goss

### Edinburgh Tram Network Contract

It should come as no surprise to you that my Board is deeply concerned over the lack of progress Infraco Members are making towards completing the Edinburgh Tram Network Contract. After 18 months only 12% of the work has been installed and none as yet can be said to be complete.

You will no doubt share my Board's dissatisfaction at the very unwelcome publicity caused by the general lack of progress. Moreover I am very disappointed to learn that you will not now be starting work on Shandwick Place early in the New Year.

My Board and the key stakeholders have asked me to take steps to investigate whether there are measures we can take to bring about the level and intensity of performance which would normally be expected of the Infraco Members. I am therefore reviewing your company's performance of the contract to-date and the programme for the future. The review will include assessing Infraco's design production rate since the contract signature, management of the performance of the SDS provider, and the current state of availability of the ETN design.

Infraco Members and the SDS Provider may be asked to provide assistance. I understand that the contract terms have appropriate provisions to enable this to happen. It is hoped that the exercise will be completed by the end of January/early February.

I should add that allegations which appear to have been made by your representatives that our senior executives act improperly in reporting to the Board will also be investigated. My Board view any comment on our staffs' integrity seriously and as well as robustly refuting such allegations they regard them as unhelpful and damaging to the project.

I am pleased to learn that our Chief Executive has a good working relationship with Messrs Darcy, Flynn and Urriza Etxebeste of Bilfinger Berger, Siemens and CAF respectively and that he will be meeting them as soon as is convenient in the New Year. It will be most helpful if they can act on assurances given by you that Infraco Members will now use their best endeavours to join with my Company to get this project completed without causing further public recrimination and adverse comment.

Edinburgh Tram Network Contract

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I need not explain to you why public expenditure is under strict scrutiny and the exceptional difficulties of the time. Conversely you do not need to explain the difficulties faced by the construction industry and the adverse financial impact of the appalling progress made by Infracore on this contract. However in spite of these difficult times, you will, I hope, join with me in taking steps to bring about collaborative and open mutual cooperation.

Yours sincerely,



David Mackay  
Chairman

cc: Mr Herbert Bodner, Bilfinger Berger  
Mr Jesus Esnaola, CAF