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THE CITY OF EDINBURGH COUNCIL

Tom Aitchison CBE
Chief Executive

Mr R J Walker
Chairman – Infraco Consortium Board
BSC Consortium Office
9 Lochside Avenue
Edinburgh Park
EDINBURGH
EH12 9DJ

Our Ref: ceo\trams\bbresp01

Your Ref:

Date: 24 March 2010

WITHOUT PREJUDICE

Dear Mr Walker

EDINBURGH TRAM NETWORK PROJECT

Thank you for your letter dated 8 March 2010 which I have now had an opportunity to consider in detail.

The Council is similarly disappointed that the project is not proceeding to schedule and that additional costs are being needlessly incurred. Clearly, the Council would like a world class tram system to be delivered for Edinburgh and it is matter of serious concern that this is not being delivered by the consortium as it was originally engaged to do.

Whilst I appreciate your desire to keep the Council as guarantor aware of your concerns, **tie Ltd** has been keeping officers from the Council regularly informed as to progress and, in addition, we have a team of technical, legal and financial advisers looking at all aspects of the project.

Although I do not necessarily agree with a number of points which you raise from a factual or legal standpoint I am advised that this is a matter which should be resolved between the principal contracting parties. As such, I have agreed with Richard Jeffrey that he will respond to you directly in this regard.

As with all matters relating to this contract I would be grateful if you would respect the confidential nature of this letter.
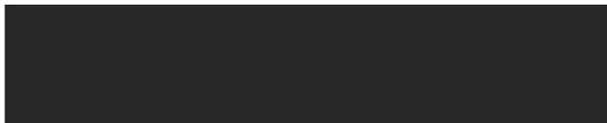
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INVESTOR IN PEOPLE

I have copied this reply to the individuals named below.

Yours sincerely

TOM AITCHISON
Chief Executive

cc: Councillor Jenny Dawe, Council Leader
       Councillor Gordon Mackenzie, Transport Convener
       Donald McGougan, Director of Finance
       Dave Anderson, Director of City Development
       David Mackay, Chairman of TEL
       Richard Jeffrey, Chief Executive, **tie** Ltd