

STRICTLY PRIVATE AND CONFIDENTIAL
For the attention of Dr Jochen Keysberg

Our Ref: PD CORR 152

Date: 25 February 2009

Bilfinger Berger UK Limited
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Gustav-Nachtigal-Strasse 3
65189 Wiesbaden
Germany

By e-mail, fax and post

Dear Dr. Keysberg,

Thank you for your letter 23rd February.

I note that others are to respond to the same correspondence but in more detail, which begs the question as to why you have written to me at all. I need to remind you that my letter 19th February contained notice of referral of two issues to Dispute Resolution and indeed the initial meeting has taken place.

My letter also recounted the efforts which I and the rest of the tie team have made to engage the consortium on the profound and worsening performance problems. Instead of addressing those serious issues and at last starting to comply with your obligations to communicate, cooperate, manage and mitigate, AND to deal with changes in an open and collaborative manner, we have been faced with what I consider to be shallow tactics in your turning up to a meeting to announce ridiculous global time and cost overruns. Those tactics continue in your repeated refusal to answer the simplest question about your obligations to continue with the work on Princes Street, notwithstanding the clear instructions to do so.

You clearly consider that continuing to ignore your obligations, only a few of which are summarised above, and making carefully opaque responses to questions, will be to your advantage and in that situation we have had no choice but to refer matters to DRP. Your forum for dealing with them is now in the DRP although you have the option at any time of simply giving a straight answer and removing one of them.

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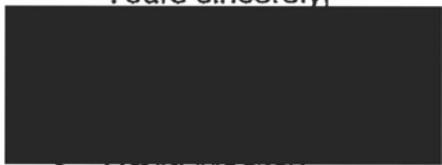
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The **tie** team will be communicating on the referred issues. I appreciate your offer of an open line of communication but for the forgoing reasons, it will not be on the detail of those issues. I can only assure you of **tie**'s determination that your clear performance failures and all consequent time and cost inefficiencies will be to the Consortium's account.

Finally, if you have any more positive proposals, I am ready, for now, to hear them.

Yours sincerely,



David Mackay
Chairman
tie Ltd

cc: Dr Jorg Schneppendahl – Siemens
Mr Antonio Campos – CAF
Mr Bill Reeve – Transport Scotland
Mr Tom Aitchison – City of Edinburgh Council
Mr Steven Bell – **tie** Ltd