



STRICTLY PRIVATE & CONFIDENTIAL

3 October 2007

Mr Willie Gallagher
[REDACTED]

Dear Willie

Transport Initiatives Edinburgh Ltd – Post of Executive Chairman

I refer to the discussion at the **tie** Remuneration Committee held on 24 September 2007 regarding your continued appointment as Executive Chairman of Transport Initiatives Edinburgh Ltd (**tie**).

The terms and conditions included in this letter were agreed at the **tie** Remuneration Committee and subsequently approved on the same day by the **tie** Board.

I am now therefore writing to you to confirm that the post of Executive Chairman is offered to you on the basis of an employment contract for the duration of the project and is subject to the following terms and conditions:-

1. the full-time appointment to the post of Executive Chairman is to commence on 1 August 2007, for the duration of the project, and will be subject to review in January each year to tie in with key project milestones
2. You will be responsible for the efficient discharge of the duties of the post of Executive Chairman to the Board of Transport Initiatives Edinburgh Ltd (**tie**).
3. The hours worked will be those required to fulfil the duties and responsibilities of the post.
4. The basic salary applicable to post of Executive Chairman will be £ [REDACTED] subject to review annually in January each year. In addition, you will be eligible for an annual bonus of up to 50% of basic salary, that is:
 - a. an annual bonus of up to 30% of basic annual salary subject to the achievement of certain defined key business objectives, to be determined by the **tie** Board in consultation with yourself; and

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- b. a long term performance award with payment deferred to the end of the project. This long term performance award will be subject to the achievement of the above key business objectives in each year of the project. The long term performance award will be offered at a rate of up to 20% of basic annual salary for each year of the project and reflect the level of % bonus awarded in a. above.
 - c. the arrangements surrounding the above bonus proposals will be subject to further discussions between the **tie** Board and the Executive Chairman.
5. Your annual holiday will be 35 days including any entitlement to public holidays.
6. You will be entitled to receive from and required to give **tie** Ltd notice of termination of employment of six months.

I trust that you will find the terms outlined acceptable. If so, please confirm your willingness to accept the appointment on this basis by return to Colin McLauchlan, following which Colin will draw up and issue you with a formal Contract of Employment.

The contribution you have already made to the project is well recognised by the **tie** Board and all key stakeholders, and I hope that this arrangement will provide an opportunity for you to continue your outstanding work and help to achieve a successful outcome for the project.

Yours sincerely



Brian Cox
Chair of the Remuneration Committee
tie Limited