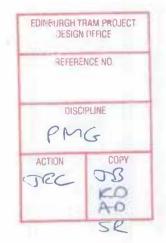
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Parsons Brinckerhoff SDS Design Office Citypoint Haymarket Terrace Edinburgh

For the attention of Mr S Reynolds - Project Director

15 February 2007

Our ref Your ref TMUSDS/2/42

ULE90130-SW-LET 00503

Dear Mr Reynolds

Edinburgh Tram SDS Halcrow Subcontract Cross-sections Spatial Planning

I refer to the letter from your predecessor, reference above, dated 9 February 2007 but received only yesterday. I refer also to my letter TMUSDS/2/35 dated19 January 2007, where I brought to your predecessor's attention the "evident need for inter-disciplinary design coordination necessary to fix the tramway cross section" and stated "As lead consultant on the project we expect Parsons Brinckerhoff to undertake inter-disciplinary design coordination as this function crosses disciplines that are in both our parties' separate agreed scope".

Your predecessor's letter entirely misconstrues the discussion on this subject at the SDS Management Meeting of 6 February 2007 and the Section Design Managers Meeting of 7 February 2007.

I state unequivocally that Halcrow have not agreed to undertake the coordination and development of the spatial planning of the tram cross-sections and have no contractual obligation to do so. The contract obligation referred to in the Geotechnical section of Appendix 3 of Schedule 1 of the Subcontract Agreement with yourselves is "Preparation of cross sections of embankments and cuttings detailing typical construction (excluding foundation details)". Halcrow's geotechnical staff will prepare cross-sections of embankments and cuttings only once the necessary spatial planning of the tramway infrastructure is undertaken by Parsons Brinckerhoff, through which the necessary extent of construction is identified.

This is a further example of Parsons Brinckerhoff's failure to address the necessary systems integration and systems engineering issues that Halcrow knows are absolutely essential to efficient tramway infrastructure design, and which needs to be undertaken by an experienced railway civil engineer. Halcrow does not have the necessary railway civil engineering skill-set within our subcontract design team to fulfil the spatial planning function, even if Parsons Brinckerhoff were to request us to undertake this function through a Change Order.

As a consequence I firmly decline your predecessor's instruction. Moreover, under the terms of Clause 7.4 of our Subcontract Agreement with yourselves, I have to advise you that Parsons Brinckerhoff's continued failure to address this issue will now impact on the timely completion of our contracted geotechnics, structures, roads and drainage design.

Yours sincerely

D. C. Simmons

Halcrow Project Director