

DRAFT LETTER TO BE SENT BY TIE TO SDS

[◆] August 2007

BY FAX AND MAIL

STRICTLY CONFIDENTIAL

Parsons Brinckerhoff Limited
2nd Floor
100 Queen Street
Glasgow G1 2DF
Attention: [◆]

Dear Sirs,

**Contract for Provision of System Design Services Dated 19 September 2005 ("the Contract")
Persistent Breach Notice Pursuant to Clause 24**

This letter is formal notice of your persistent breach of the Contract. In the event that the breach is not remedied or recurs either to the degree or frequency **tie** Limited has experienced at all organisational levels since your appointment, we reserve our right to operate Clause 24.2 of the Contract to move to terminate the Contract.

Despite periodic assurances from you on measures to improve your performance, the persistent breach by you has regrettably remained continual and prejudicial over nearly two years. The breach comprises manifest failure to provide us with the continuity, level and calibre of project management and quality assurance commensurate with your core duty of care under the Contract and which, as a client on a complex project of this nature, we are entitled to receive to enhance efficiency and protect project budget. Your performance in this regard falls far short of the standard applicable to a consultancy of your size, reputation and experience and indeed far short of Good Industry Practice to be reasonably expected from an advisor which has put forward its credentials as including extensive involvement in UK and international light rail schemes.

As examples of this fundamental and pervasive shortcoming we could cite:

[◆]

[◆]

[◆]

Our confidence in your ability to complete the design commission to an agreed programme remains at a low ebb due to your continual inability to adhere to agreed deadlines. This situation has damaged and continues to undermine (i) **tie** Limited's credibility with stakeholders and bidding parties; and (ii) our ability to manage the overall procurement programme and its planned time and cost critical outcomes.

We shall be requesting a management level meeting to seek your commitment to address this critical situation.

Yours faithfully,

For and on behalf of **tie** Limited