

tie Limited
Verity House
10 Haymarket Yards
Edinburgh
EH12 5BH

For the attention of Willie Gallagher

Dear Willie,

Moving Forward

We appreciate that you are taking the matter seriously and we are keen to get the contract process moving.

As there are a significant number of changes, and six months of delay to the contract programme notified so far, it will be important to make sure that the process our teams undertake will:

- stand up to scrutiny from all our respective stakeholders
- comply with the contract
- comply with our respective corporate approval / governance processes

We therefore believe that, at this juncture, a two week "bunker down" is not appropriate, as it would be well outside the contract and our corporate approval processes. In addition, we believe that to take key players out from the site would be detrimental to progress at this critical time.

To that end, we would propose the following structured approach be undertaken (in series, not parallel):

Stage 1

- Confirm the contract baseline programme as at day one of the contract
- evaluate subsequent delays resulting from delayed access
- evaluate the delays resulting from dealing with abandoned services and utility diversions not undertaken
- evaluate the delays resulting from design variations and approvals delays
- evaluate the delays resulting from changed designs from those which were our baseline designs
- evaluate the delays from the misalignment workshops that have been undertaken to date
- evaluate the delays from MUDFA works transferred to infraco

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Manchester, 13 October 2008

Stage 2

- develop a revised baseline upon which the programme going forward can be founded

Stage 3

- Establish costs for the respective events once the delays have been agreed

Prior to resolving Stage 2, we believe it is essential to resolve / have clarity on the following:

1. Contract Change Mechanism – the contract change mechanism is not coping with the large number and volume of changes. We are reinforcing our change management team, but the design, planning and estimating workload has increased dramatically. The level of detail required on changes is introducing significant delay in reaching agreement. Since works cannot commence until changes are agreed, delays due to changes are increasing.
2. Critical Change Mechanism – the contract change mechanism is too unwieldy to deal with minor programme critical changes. Following a meeting with, and in agreement with, your team, we have proposed a possible simplified process for limited use. We await your response.
3. Completion date for the water main diversion at the depot
4. A schedule of handover dates from MUDFA to INFRACO
5. Detail of the proposed 'low impact approach' for Princes Street

The size of this task and the time required to evaluate and agree the impact of delays and changes to date, should not be underestimated. We would intend to make the necessary appropriate resources, external to the site team, available to support a structured process and suggest a small dedicated team from each side be mobilised to work through these tasks.

Yours sincerely



Richard Walker
Bilfinger Berger Siemens Consortium