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8 May 2008

Dear Willie

I understand that the May 2008 target date for award of the Infraco Contract has not been achieved. According to my records this was the sixth target date since 28 January 2008. As you are aware we have maintained the PB management team strength in Edinburgh at a level commensurate with the services required to be provided post novation.

I would like to draw to your attention the disruption which has occurred to the work being carried out by the PB design teams located outside Edinburgh. The novation process has become severely protracted. As a result, our design staff have been engaged in substantial re-design and abortive work, as well as in preparation for and attendance at a large number of meetings with tie and BBS aimed at achieving greater clarity of the BBS offer, in comparison with the SDS Design. This has impacted the program for completion of the remaining design packages, notably the structures, and in turn has introduced significant inefficiency into our Interdisciplinary Design Checking process.

As a consequence, PB has incurred additional costs to date as follows:-

- Management time and expenses at a price of £39,750 per week from 1 April 2008 up to the date of Novation of the SDS Contract.
- Costs of inefficient working of the Design Teams in excess of £1,500,000.

For clarity, these costs are over and above the design change VO's that SDS and tie have agreed during the last three months or so.

The materiality of these costs and their impact on PB's financial position obligates me to bring this to your attention. As part of the finalisation of the novation process, we need to meet in order to resolve these matters and arrive at a financial settlement.

I feel sure that you will want to discuss these topics in significantly more detail, but wanted to reach out to you as soon as possible. Please contact me as soon as possible, with a view to meeting on Monday next.

Yours sincerely  
**Parsons Brinckerhoff**

[REDACTED]  
**GREG AYRES**  
Managing Director

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Engineering Excellence**



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