

Steve Reynolds
SDS
tie Ltd
Verity House
19 Haymarket Yards
Edinburgh
EH12 5BH

Our Ref: DEL.MUDFA.1437.GB

Your Ref: ULE90130-SW-LET 00704

Date: 13 July 2007

Dear Steve,

EDINBURGH TRAM PROJECT
Release of Design information

I refer to your letter of 11 July 2007, referenced above, and note your comments.

I appreciate there are circumstances outwith the control of both SDS and tie, but would suggest that this does not alleviate the responsibility of either party in terms of obtaining requisite consents from the Statutory Undertakers. It is quite explicit within the contract that SDS are responsible for obtaining consents from the appropriate SUC's. However, I have confirmed on several occasions to yourself and the rest of the SDS team that my staff have been, and will continue to, support your efforts in obtaining the aforementioned consents.

Whilst the above is acknowledgement of matter of fact, I still remain concerned at the lack of progress relating to Issue For Construction (IFC) drawings. I note the endeavours of both yourself and senior management to resolve the issues which are hindering progression of the design and trust the results will manifest themselves shortly.

I would like to point out that although I recognise your efforts to amend the situation, matters are being somewhat confused by the manner in which information is being relayed to tie and the SUC's. Section 5A drawings (plates 1-3), due IFC 29/6/07, were supposedly issued on the 1/6/07. Neither the SUC's or tie have any evidence of this, and indeed have made numerous requests for the aforementioned drawings and substantiation of issuance -- neither of which has been forthcoming.

Section 5B drawings (plates 6-14), due IFC 20/7/07, purported to have been issued on the 22/6/07. Again there are no records of these drawings being received by either tie or the SUC's

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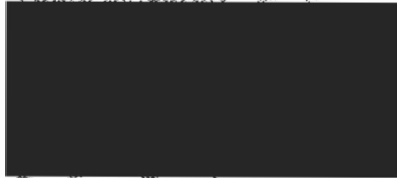
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It is vital that we obtain visibility of the current status of these drawings in an effort to gain assurance that these programme dates, and thereby construction commencement, will be achieved. In this respect, I would welcome your thoughts and comments regarding the above and would suggest that we meet at the earliest opportunity to get full clarity on the present situation.

It is essential that we combine our efforts to ensure we overcome the current situation and implement appropriate controls to establish a level of confidence and commitment towards our common goal of earliest and most efficient completion of the programme.

Yours sincerely,



Graeme Barclay
Construction Director – MUDFA

cc: Steven Bell
Tony Glazebrook
Jim Johnston