



Mr Greg Ayres
Parsons Brinckerhoff
Westbrook Mills
Godalming
Surrey
GU7 2AZ

Our Ref: WG/JPT

26th September 2007

Dear Greg,

I have just chaired the MUDFA Sub Committee meeting. I was extremely disappointed to learn that all of the date commitments that were made at the 29th August 2007 meeting in respect of IFC drawings have not been met. Furthermore, in reviewing the proposed new dates in the Committee papers (issued only a few days ago) at the meeting today even these dates were unlikely to be achieved. This is unacceptable.

There is now an obvious and real threat to the programme critical path which unless solved may threaten the entire Tram Project.

Whilst there is indeed a reliance on the co-operation of the SUC's to achieve the IFC dates, it remains the contractual responsibility of SDS to achieve these objectives. We have discussed and pursued a number of remedies in the past but they do not appear to be having the desired effect.

As Executive Chairman of tie, I am now asking that all parties who have an interest in securing success on MUDFA (tie, SDS and AMIS), work strenuously together to achieve the IFC dates, using all possible mechanisms at our corporate disposal.

Furthermore, I have today reviewed the incentive mechanisms of our most senior staff to ensure MUDFA failure is appropriately dealt with and reward recognised. I would ask that you do likewise in respect of your staff, so that all the individuals concerned are collectively challenged and motivated to specifically ensure success on MUDFA in these regards.

tie limited

Citypoint 65 Haymarket Terrace Edinburgh EH12 5HD e-tel +44 (0) 131 622 8300 / 623 8600 fax +44 (0) 131 622 8301 / 623 8602 web www.tie.ltd.uk

Direct dial: +44 e-mail: willie.gallagher@tie.ltd.uk web: www.tie.td.uk

In the coming days and weeks I will be monitoring the situation to ensure the maximum possible management focus is applied to this critical problem.

Please confirm you are prepared to support me in these endeavours.

Yours sincerely

Willie Gallagher Executive Chairman