



Infrastructure Services

MUDFA Project
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Ref: AMIS/tie/letter/KAG/Projects/906

7th April 2008

Mr. Graeme Barclay
tie MUDFA Utilities Construction Director
tie Limited.
Citypoint,
1st Floor,
65 Haymarket Terrace,
Edinburgh.
EH12 5HD

Dear Graeme,

Subject: MUDFA Alfred McAlpine Infrastructure Services (AMIS) – Contract A150
Change Control Correspondence

Thank you for your letter Ref: DEL.MUDFA.8000.GS.GB dated 2nd April 2008.

The MUDFA Contractor's response has been structured in four distinct areas.

1. Level / Nature of Correspondence

AMIS MUDFA fully support your comments in respect of the need to "avoid unnecessary and abortive correspondence"; however the recent departure from the agreed protocol by tie Limited has resulted, by our assessment in a total of thirty-two (32) items of tie Limited both correspondence that does not meet this objective, all since the introduction of Mr. Sutherland.

These letters have all contained a series of generic and anecdotal comments that add no direct value to the process; the veracity of which has been challenged by AMIS MUDFA under separate correspondence, most recently letter Ref: AMIS/tie/letter/KAG/Projects/911 dated 3rd April 2008.

Having now acknowledged the benefits of reverting to the agreed protocol it is invidious of tie Limited to now extol the need for the parties to "avoid unnecessary and abortive correspondence".

The management of correspondence is a critical function and requirement on all projects; in order to ensure issues are addressed in a focussed and consistent manner in order to avoid frustration. It is imperative that key and critical issues are 'sterilised' and addressed in a timely and coherent manner in order to avoid frustration and escalation.

The request by AMIS MUDFA for tie Limited to address the issues raised under cover of letter Ref: AMIS/tie/letter/KAG/Projects/833 dated 11th March 2008 is appropriate; under no reasonable assessment could these comments be construed as contradicting the need for "open and constructive dialogue, which we [tie Limited] hope would be one of the primary aims of the weekly change meetings".





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Resolution of the issues surrounding the 11th March 2008 submission will not be addressed at the Weekly Change Meetings; this matter, as agreed on the 12th December 2006, will be escalated to Mr. Steven Bell and Mr. Steve Hudson for review and resolution at Director and project sponsorship level.

As a consequence it is inappropriate and counter productive for these issues to be debated in correspondence and discussed by individuals who have no standing under the terms of the Contract and are not empowered to resolve the matters under review.

2. Reply to Correspondence

Your belated confirmation that tie Limited are "duty bound" to extend AMIS MUDFA "...the courtesy of a reply to all correspondence submitted" is acknowledged. Accordingly a response from tie Limited is requested to the items of correspondence scheduled in Appendix 'A' attached.

This Appendix notes that excessive periods have elapsed in relation to acknowledgements and/or substantive responses.

Given the magnitude of the delays associated with the items scheduled in Appendix 'A' ranges from between three (3) and seventy-five (75) weeks responses from tie Limited, to the overdue correspondence, would be appreciated in accordance with the timescales presently associated with the Change Control correspondence, circa three (3) Business Days.

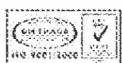
With the greatest of respect the matters addressed in Appendix 'A' have a far greater impact on schedule adherence and the outturn cost of the MUDFA works than the thirty two items of correspondence where tie Limited are, belatedly seeking to afford the MUDFA Contractor "...the courtesy of a reply".

3. Contract Compliance

AMIS MUDFA concur, as detailed in letter Ref: AMIS/tie/letter/KAG/Projects/887 of 28th March 2008, that the protocol of weekly Change Control Meetings should comply, in full, with the agreed terms of reference.

It has been acknowledged by tie Limited in letter Ref: DEL.MUDFA.7658.JC.GB of 11th March 2008 (a letter currently pending amendment configuration and pagination by tie Limited following a number of subsequently agreed amendments to the text of the letter and the Appendices) that:-

- "During the currency of the project issues have arisen which have adversely affected the ability of AMIS to meet their contractual obligations";
- "Delay in Issue For Construction (IFC) designs from tie / SDS Provider...."





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The current protocol has operated successfully through the proactive participation and collaboration of all parties and had attracted no adverse comment from tie Limited, until the recent exchange of correspondence, initiated by Mr. Sutherland.

AMIS MUDFA are fully committed to the minimisation of outturn costs on the MUDFA project. It is wholly inappropriate for tie Limited to suggest a unilateral change instigated by tie Limited to an agreed protocol, vigorously challenged by AMIS MUDFA on the basis it would add cost, should be construed as any other behaviour than seeking to minimise cost.

There was no "assumption" of additional staff costs, these could only be determined upon receipt of the tie Limited "prescriptive requirements"; clearly there would be an obligation on AMIS MUDFA to substantiate any additional costs.

Your comments in respect of Clause 46 Estimates are noted; however your interpretation is erroneous given the precise comments made by AMIS MUDFA in letter Ref: AMIS/tie/letter/KAG/Projects/887 of 28th March 2008 was;

"...Change, as acknowledged by the subject matter of all twenty two items of correspondence, is managed by Clause 46; which contemplates the provision of estimates only".

Should tie Limited maintain their unsubstantiated and amorphous view that the above noted "...singular interpretation is highly misleading" then AMIS MUDFA would be very grateful if they could elaborate on their assertions, with specific reference to the agreed terms of reference and contemporaneous records.

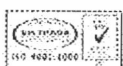
4. Outstanding Matters

Following our review of letter Ref: AMIS/tie/letter/KAG/Projects/887 of 28th March 2008 there are two issues that AMIS MUDFA note have not been addressed in tie Limited letter Ref: DEL.MUDFA.8000.GS.GB dated 2nd April 2008.

These are, in an abbreviated format as follows:-

- Confirmation from tie Limited that letters Ref: AMIS/tie/letter/KAG/Projects/837 and 864 dated 11th and 20th March 2008 respectively cannot be considered as being reluctant "...to provide meaningful information" and demonstrating a "lack of co-operation";
- Application of Clause 2.16; and
- Confirmation of 10 Business Days, where possible, in respect of notifications.

AMIS MUDFA looks forward to receiving a fully considered response from tie Limited in respect of all the above noted issues in accordance with the courtesy proffered by tie Limited.





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Yours sincerely,

For and on behalf of **Alfred McAlpine Infrastructure Services Ltd**



AM Andrew Malkin
MUDFA AMIS Project Director

Copies:-

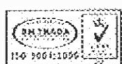
tie Project Team

John Casserly
Steven Bell

MUDFA Project Team

Keith Gourlay
Taryne Lowe
Steve Hudson

Attached/.... Appendix 'A': Schedule of Key / Critical Correspondence Pending a Response from tie Limited.



Alfred McAlpine Infrastructure Services

Schedule of Key / Critical Correspondence Pending a Response from tie Limited

ID	Date	Letter Ref	Subject	Delay (Weeks)	Delay (Days)
1	27-Oct-06	7	SDS Provider Design Outputs	75	377
2	7-Nov-06	23	Work Order Requirements	74	369
3	18-Nov-06	34	Design and Construction Lead Times	72	361
4	7-Feb-07	83	Work Orders	61	304
5	7-Feb-07	86	SDS Provider Design Outputs	61	304
6	19-Jun-07	259	IFC Designs and Design Related Information	42	209
7	3-Aug-07	331	Technical Queries	35	177
8	7-Aug-07	342	Anticipated Final Account (AFA)	35	174
9	20-Aug-07	377	IFC Designs and tie Limited Approvals	33	165
10	5-Sep-07	427	Technical Queries	31	154
11	18-Sep-07	456	IFC Designs and tie Limited Approvals	29	144
12	18-Sep-07	457	Exemplar IFC Designs Recommendation and Report	29	144
13	19-Sep-07	460	Work Orders	29	144
14	19-Sep-07	462	Technical Queries	29	144
15	8-Oct-07	487	Clause 8; Issue of Work Orders	26	130
16	9-Oct-07	493	Change Ref: 88	26	129
17	19-Oct-07	523	Anticipated Final Account (AFA)	24	122
18	25-Oct-07	543	Technical Queries	24	118
19	25-Oct-07	545	IFC Designs and tie Limited Approvals	24	118
20	25-Oct-07	548	Risk Management & Integrated Planning	24	118
21	29-Oct-07	555	Health and Safety	23	115
22	29-Oct-07	556	Environmental	23	115
23	29-Oct-07	557	Traffic Management	23	115
24	29-Oct-07	558	SDS Provider Design Outputs - Ideas In Action	23	115
25	29-Oct-07	560	Non Conformance Report 005	23	115
26	31-Oct-07	563	Technical Specification of IFC Designs	23	114
27	1-Nov-07	571	INFRAACO - MUDFA Integrated Working	23	113
28	9-Nov-07	588	Foam Concrete	21	107
29	20-Nov-07	615	Red Line Drawings - Validation	20	99
30	26-Nov-07	632	Clause 8 Work Order Requirements	19	95
31	6-Dec-07	673	Technical Queries	18	88
32	7-Dec-07	675	Risk, Cost Mitigation and Value Engineering Initiatives	17	87
33	14-Jan-08	723	Technical Queries	12	60
34	24-Jan-08	740	Traffic Management	11	53
35	14-Feb-08	779	Work Order Proposals & Changes	8	38
36	14-Feb-08	780	Forward Planning	8	38
37	22-Feb-08	796	SDS Design Programme	6	32
38	3-Mar-08	816	Clause 35 Programme	5	25
39	6-Mar-08	824	Work Order 1D/WSI/004/001	5	23
40	11-Mar-08	833	Report and Recommendation	4	19