



8th June 2006

Willie Gallagher
Chairman
tie limited

Dear Willie

I am writing to note that you have made it clear since your appointment, by your actions and words, that you do not subscribe to the customary role of the non-executive Chairman i.e. that the Chairman should run the board, whilst the Chief Executive should run the company.

You say that you had made it clear to the City Council that you will operate in a role akin to that of Executive Chairman and that you have their support for your approach. You also said yesterday that, were I to depart, there would be no obvious need for a new Chief Executive.

Consistent with this, since your appointment on 1st June, you have, among other actions:

- Spent four of the past five days in the tie office meeting every one of my direct reports and asking pointed questions, often about my performance, with an implied inference of discontent
- Chaired a procurement committee for the tram project, thereby removing the ownership both of Andie Harper, Tram Director, and myself
- Written unilaterally to the Chamber of Commerce to respond to a letter that was addressed to me, before you had spoken to me
- Continued to communicate directly with my reports and given them assignments despite my request that you act through me.

You have also taken over my conference room as your office so that I find myself placed in the position of sitting outside my own office while you run the company.

After having run the company successfully for the past 4 years, these circumstances are not acceptable to me.

I am sure we shall need to take account of all factors of my present employment, including an existing commitment from me to stay in my job at least until the end of 2006, my bonus for the 2006 calendar year, my long term bonus for the period Sep 2003 – Dec 2006 which is payable at the end of this year, and arrangements to top up my pension provision as agreed by the remuneration committee. I am forwarding (to you only) copies of relevant documents for your reference. I look forward to hearing your thoughts on the way forward.

Yours sincerely



Michael Howell

Cc tie Directors, Tom Aitchison – CEC

