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13 May 2008

Iain Coucher Esq
Chief Executive
Network Rail Infrastructure Limited
40 Melton Street
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Dear Iain

PENALTY FOR CONTINUING BREACH

You and others made representations on the notice we issued on 28 February announcing our intention to impose a penalty of £14m for the continuing breach of your licence in relation to the planning and execution of engineering work requiring possessions.

We considered these representations carefully. We remain convinced that the systemic weaknesses we have found in your approach to the planning and execution of your engineering work are a serious and continuing breach of its licence meriting a financial penalty. We consider that to accept your proposal to mitigate the fine in its entirety would reduce the effectiveness of the incentive that penalties place on the company to secure continuing compliance with its licence. We also do not believe that the further arguments you make in your representations on the penalty should reduce the amount of penalty proposed. We have therefore confirmed the penalty of £14m.

We look forward to receiving at the end of June your plan to address the systemic weaknesses we identified.

I attach a notice under section 57C(6) of the Railways Act explaining our decision.

Yours sincerely

A handwritten signature in black ink that reads 'Bill Emery'. The signature is written in a cursive style with a large, prominent 'B' and 'E'.

Bill Emery



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