

Bill Reeve
Director - Rail Delivery
Transport Scotland
Buchanan House
58 Port Dundas Road
GLASGOW
G4 0HF

Our Ref: transproject/grantaward

Your Ref:

Date: 15 January 2008

Dear Mr Reeves

GRANT AWARD LETTER – EDINBURGH TRAMS

Thank you for the draft of the grant award letter for the Edinburgh Tram Network which you sent to the Council.

I am writing to confirm that I am content with the terms of the letter, together with the accompanying schedules, and am willing to accept these when the letter is formally issued later this week.

I understand that you are concerned that the "best endeavours" obligations in the Tram Operating Agreement are inconsistent with the absolute obligations on the Council under the terms of the agreement. I would like to reassure you that the operating agreement is only one of the means by which the Council controls the activities of **tie** Ltd, and that this inconsistency will not cause the Council to breach the terms of the grant letter or otherwise pose problems for Scottish Ministers.

Please do not hesitate to contact me if you require further assurance on this matter.

Yours sincerely


TOM AITCHISON
Chief Executive