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STRICTLY CONFIDENTIAL
F.A.O. ALEX MACAULAY
PROJECTS DIRECTOR
Transport Initiatives Edinburgh Limited
Verity House
19 Haymarket Yards
EDINBURGH
EH12 5BH

Your reference

Our reference

AF/AF/310299/1/
6772417.2

23 June 2005

Dear Sirs

EDINBURGH TRAM NETWORK (the "Project")

We refer to our appointment as legal adviser by **tie Limited (the "Appointment")** as confirmed by your letters of 25 November 2002 and 7 March 2003 in connection with the Project.

You requested on 21 June 2005 that in respect of our work on the Project pursuant to the Appointment we acknowledge a duty of care owed to the City of Edinburgh Council ("CEC"), your corporate parent entity, such duty of care to be the same as the contractual duty of care we owe to you.

This letter confirms that as from December 5th 2003 onwards, DLA Piper Rudnick Gray Cary Scotland LLP has owed and owes the same contractual duty of care to CEC as owed to **tie Limited** pursuant to Clause G.3.1(a) of the General Conditions governing the Appointment on condition that:-

1. DLA Piper's primary responsibility has been and is to advise **tie Limited** and DLA Piper may at all times and for all purposes rely upon **tie's** instructions given to us under the Appointment as being identical to CEC's instructions as if emanating from CEC itself and as taking into account CEC's objectives and best interests;
2. DLA Piper remains expressly authorised to receive and seek all instructions (and any clarifications) under the Appointment solely from **tie** as Project manager and agent for CEC and in the absence of specific written instruction from **tie**, DLA Piper has not been and is not under obligation to advise CEC staff or members directly;
3. DLA Piper is entitled for all purposes to rely upon (i) the satisfaction and approval of **tie Limited** with, and of our performance of services, delivery of work product for the Project and discharge of the duties of care in accordance with the Appointment and (ii) the presumption as to such satisfaction and approval to date. Under no circumstances shall the existence of the contractual duty of care acknowledged in this letter give rise to CEC having any separate or different recourse, remedies or claims to those available to **tie Limited** by reason of any default by DLA Piper under the terms of the Appointment;

Regulated by the Law Society of Scotland.

A limited liability partnership registered in Scotland (number 200365) and part of DLA Piper Rudnick Gray Cary, a global organisation.

A list of members is open for inspection at its registered office and principal place of business, Rutland Square, Edinburgh, EH1 2AA and at the address at the top of this letter. Partner denotes member of a limited liability partnership.

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4. The contractual duty of care owed to CEC which we have acknowledged may only be assigned or transferred with our prior written consent and shall not be owed by us to any assignee or transferee in the absence of such consent; and
5. the reciprocal warranties as to duty of care owed to us by tie's other consultants (financial, legal and technical and public relations) on which we are entitled to rely under the terms of our Appointment remain in full force and effect.

This letter is a formal amendment to our Appointment pursuant to GC7.15 (Entire Appointment) and shall be governed by and construed in accordance with the laws of Scotland.

In order to put this undertaking into effect, please arrange for the enclosed copy to be signed by duly authorised officers of tie Limited and CEC and returned to us, for the attention of Andrew Fitchie.

Yours faithfully

DLA PIPER RUDNICK GRAY CARY SCOTLAND LLP

We hereby agree and acknowledge the terms of this letter.

.....
Authorised Signatory
For and on behalf of tie Limited

We hereby agree and acknowledge the terms of this letter.

.....
Authorised Signatory
For and on behalf of The City of Edinburgh Council