



DLA Piper Scotland LLP
Collins House
Rutland Square
Edinburgh
EH1 2AA
DX ED271 Edinburgh 1
T +44 [REDACTED]
F +44 (0)131 242 5562
W www.dlapiper.com

Parsons Brinckerhoff
Manchester Technology Centre
Oxford Road
Manchester
M1 7EB

Your reference

Our reference

AF/CDV/310299/15
UKM/31050012.2

Attention: S. Reynolds, Esq

E-mail: ReynoldsS@pbworld.com

5 August 2010

BY MAIL AND EMAIL

Dear Sirs

**EDINBURGH TRAM NETWORK PROJECT
SDS PROVIDER AGREEMENT DATED 19 SEPTEMBER 2005 (AND
SUBSEQUENT NOVATION 14 MAY 2008)**

As you know, we act for **tie** Limited in relation to the above project.

We refer to the collateral warranty provided by you as SDS Provider to our clients, **tie** Limited, dated 14 May 2008 and specifically to the continuing duty of care in performing your novated design mandate which you owe direct to our clients pursuant to that collateral warranty. The effective and timely production of design by you was and is a central element of Best Value project delivery.

Our clients remain seriously concerned over the programme and cost implications of the unusually high volume of design changes or alleged design changes that are still appearing and causing claims related to design development. The consequent audit by our clients of design status achieved to date under the contracting consortium's management of your services post novation indicates that material commercial arrangements outwith the SDS Agreement (and its contractual novation) may have been agreed by and put in place between Bilfinger Berger Civil UK Limited, Siemens plc and CAF (either individually or collectively) and Parsons Brinckerhoff. These arrangements would have direct bearing on the performance of the project design commission which Parsons Brinckerhoff has been undertaking since October 2005.

Under clause 3.28 of the novated SDS Provider Agreement you are deemed to be aware of the provisions of the Infraco Contract. Clause 11.5 of that agreement prohibits amendment to the SDS Provider Agreement absent **tie's** prior consent. Given this, our clients need to understand this situation and how and under what authority these arrangements were concluded, in order for our clients to be able to discharge their statutory and contractual duties and enforce their entitlements.

We are instructed to request that you please provide to us within 5 business days of the date of this letter (i) full copies and details of any agreements (excluding the SDS Provider Agreement (and novation) itself), undertakings or other understandings or commitments which you have entered into with the Bilfinger Berger-Siemens-CAF Consortium (either individually with a consortium member or collectively) in

Regulated by the Law Society of Scotland.

A limited liability partnership registered in Scotland (number 300365) which is a law firm and part of DLA Piper, an international legal practice.

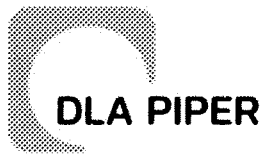
A list of members is open for inspection at its registered office and principal place of business, Collins House, Rutland Square, Edinburgh, EH1 2AA and at the address at the top of this letter. Partner denotes member of a limited liability partnership.

UK switchboard
+44 (0)8700 111 111



INVESTOR IN PEOPLE

CEC00337893_0001



connection with the Edinburgh Tram Network Project (ii) a schedule of all contractual Deliverables which have been influenced by or generated under such arrangements.

We have written in similar terms to the BSC Consortium.

We look forward to hearing from you at the earliest.

Yours faithfully

DLA Piper Scotland LLP

DLA PIPER SCOTLAND LLP