

tie LIMITED

("Company")

Minutes of a meeting of the board of directors held at City Point, Edinburgh on 18 December 2009.

**PRESENT:** David Mackay (Chairman)  
Brian John Cox  
Richard Benjamin Jeffrey

**1. QUORUM**

The Chairman reported that notice of the meeting had been given to all persons entitled to receive notice and, a quorum being present, he declared the meeting open.

**2. PURPOSE**

2.1 The Chairman reported that the meeting had been convened to consider and, if thought fit, approve the transfer of the entire issued share capital of the Company from City of Edinburgh Council ("CEC") to Transport Edinburgh Limited ("TEL"), a wholly owned subsidiary of CEC as an agreed step in the governance restructuring for the Edinburgh Tram Project and integrated public transportation.

2.2 The Chairman also reported that the meeting had been convened to consider, and if thought fit, approve the governance restructuring of the Edinburgh Tram Project and the various issues that this entails for the Company, namely:

- the entry into a Deed of Assignment between TEL, Transdev Scotland Limited ("TSL"), Edinburgh Trams Limited ("ETL") and the Company relative to the Development Partnering and Operating Franchise Agreement entered into between the Company and TSL on 14 May 2004 and varied by a Minute of Variation on 20 December 2007 ("**Revised DPOFA**").
- the Memorandum of Understanding between the Company, TEL and CEC (annexed to these Minutes).

- the disbanding of the Audit Committee, a Remuneration Committee and Health and Safety Committee as sub committees of the Company board.
- 2.3 The Chairman reminded the directors of the need to consider their general duties, including those contained in the Companies Act 2006 ("Act"), in considering the matters to be dealt with at the meeting.

### 3. DISCLOSURE OF INTERESTS

3.1 The Chairman reminded the directors of their obligations under the Act and the articles of association of the Company to:

- 3.1.1 declare the nature and extent of their interests (direct or indirect) in any proposed or existing transaction or arrangement with the Company; and
- 3.1.2 update any declaration of interests which has become inaccurate or incomplete.

It was noted that the Act permits a declaration of interests to be made at a board meeting, by notice in writing to the other directors or by giving general notice of a relationship with, or interest in, another company or person.

3.2 The following interests were declared to the meeting:

Director	Transaction/arrangement and nature and extent of interest
David James Mackay	Director of LB, TEL and ETL
Brian John Cox	Director of ETL and TEL
Richard Benjamin Jeffrey	Director of TEL and ETL

3.3 It was noted that, notwithstanding their declared interests, the directors were entitled to vote and count in the quorum of the meeting.

### 4. PROPOSED TRANSFER OF SHARES

4.1 A stock transfer form duly executed by CEC effecting the following transfer of shares ("Shares") in the capital of the Company ("Share Transfer") was produced to the meeting:

Transferor	Transferee	No. of Shares	Class of Shares	Consideration (£)
City of Edinburgh Council ("CEC")	Transport Edinburgh Limited	1,000	ordinary shares of £1.00 each	Nil

The Chairman noted that the consideration payable in respect of the Share Transfer was £ nil. It was further noted that a director for CEC had signed the certificate on the

reverse of The Stock Transfer form exempting the Share Transfer from *ad valorem* Stamp Duty.

4.2 **It was unanimously Resolved that:**

- 4.2.1 The Board acknowledge and approve the transfer of the entirety of the company's issue share capital into the ownership of TEL;
- 4.2.2 The Chairman is authorised to register the transfer and enter the name of TEL in the register of members and to execute the new share certificate for issue in due course;
- 4.2.3 The Company's Remuneration Committee, Audit Committee and Health & Safety Committee are disbanded with immediate effect;
- 4.2.4 The Protocol attached to these minutes shall govern the discharge of the Board's continuing responsibilities in matters of Health & Safety;
- 4.2.5 The Memorandum of Understanding between the Company, CEC and TEL annexed to these minutes is approved for immediate execution, with delegated authority to Richard Jeffrey for signature;
- 4.2.6 The terms of the draft Deed of Assignment (annexed to these Minutes) pursuant to which the Company assigns to TEL all of its rights and obligations under the Revised DPOFA Agreement are approved for immediate execution with delegated authority to the Chairman for signature;
- 4.2.7 The Company commits its support to ETL and acknowledges ETL's rights of indemnity (following the assignment to ETL of the Revised DPOFA Agreement) in relation to the obligations and entitlements (and related indemnities) arising from ETL's role as operator and its interface with the BSC Consortium;
- 4.2.8 The Company accepts intimation of the assignment of the Revised DPOFA Agreement from the relevant parties; and
- 4.2.9 The Company shall perform all corporate actions required to perfect the above-mentioned transactions.

There being no other business, the Chairman closed the meeting.

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Chairman

18 December 2009

## APPENDIX TO BOARD MINUTES DATED 18 DECEMBER 2009

### Protocol on Health & Safety Matters

In matters of Health and Safety, the following protocol for the Company is resolved by the Board:

1. The Board shall delegate its authority in relation to the consideration of, and the reporting of the Board's position on, all Health and Safety matters to its Board members: Richard Jeffrey and David Mackay (or their duly appointed nominees) ("the delegated Health and Safety members"). They shall act in concert at all times, save where practical circumstances prevent this, in which case either may act alone on the Board's behalf. This delegation shall have immediate effect and its purpose is to enable the Board to discharge its responsibilities in Health and Safety matters through alignment with the monthly reporting cycle of the Tram Project Director and the monthly formal meetings of the Tram Project Board and the TEL Board.
2. The Board shall continue to consider on a quarterly basis as a standing agenda item all Health and Safety matters reported by the Tram Project Director's monthly Health & Safety reports or which may have been brought to its attention through external or other means. The Board shall also consider a Health and Safety update from the delegated Health and Safety members.
3. On behalf of the Board, the delegated Health and Safety members shall formally note the content of Tram Project Director's monthly Health & Safety report where, in their opinion, no further specific action is required and shall transmit their view to the Tram Project Board for inclusion of its endorsement of the relevant Tram Project Director's monthly report.
4. Whenever the delegated Health and Safety members determine that specific Health and Safety action is required which arises out of the Tram Project Director's monthly report's observations and/or recommendations or from their own or the Board's quarterly deliberations, the delegated Health and Safety members shall transmit their endorsement or proposed instruction (by way of a form of a proposed written instruction/approval issued to the Tram Project Director) to the Tram Project Board.
5. The delegated Health and Safety members shall highlight in the transmittal to the Tram Project Board any Health & Safety matters which the Board considers are urgent.
6. The delegated Health and Safety members shall send a copy of the transmittal to the Tram Project Board, to the Tram Project Director and to the Tram Monitoring Officer.
7. The Board shall consider and take cognisance of endorsements and decisions on Health & Safety matters communicated to it by the Tram Project Board on behalf of TEL and of matter reported to it by the delegated Health and Safety members.