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**From:** Stewart McGarrity  
**Sent:** 19 January 2009 10:13  
**To:** Graeme Bissett (external contact)  
**Subject:** RE: Revision to governance and corporate model - PRIVATE & CONFIDENTIAL

**PRIVATE & CONFIDENTIAL**

Graeme,

My only significant suggestion would be to be able to answer the question – what has changed from the proposed structure as it was anticipated in the FBC and at Fin Close and why?

General comments.....

I've never seen the number/structure of legal entities as being an insurmountable barrier to unified governance and management (legal structure being primarily driven by tax and corporate finance considerations) but I understand how others get hung up on it. Maybe a more refined view of the opportunity/challenge is that there are currently too many Boards and management teams (as opposed to just legal entities) and, whilst you are right to say it is in general working, there are historically embedded tensions to deal with, blurred edges of actual or perceived accountabilities and we might not be optimised in terms of one team strategy, decision making or resource efficiencies (either now or leading up to and through commencement of operations). I think there still may be a lot of convincing to do on this point I perceive that there may be a higher level of anxiety and tension about this Governance review (eg at Annandale Street) than we know.

In light of the foregoing - option D works for me if there is one Board and one management team working to a unified strategy and set of objectives and "rules of the game" applied by CEC through an operating agreement. (tie Limited as legal entity would still need a Board but it would in essence be a shell company through which TEL effects employment contracts (of current tie employees) and other contracts (eg Infracore). However as I read your paper we would still have a separate TOL Board (son of LB Board?) to comply with TA85. If that's the case then the challenge would be to ensure there is no perpetuation of historical tensions, brick walls and operations planning is effective and efficient.

Re the Internal Audit report on Governance, Bill Campbell has referred me to discussion he had last week with you and David on variants which deal with TA85 considerations – I guess that discussion is reflected in the paper already? Is there an idiot's guide to the legal and Governance requirements of TA85?

Regards,

Stewart

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**From:** Graeme Bissett [[mailto:graeme.bissett@\[REDACTED\]](mailto:graeme.bissett@[REDACTED])]  
**Sent:** 17 January 2009 09:45  
**To:** David Mackay; Stewart McGarrity; Steven Bell  
**Cc:** Elliot Scott  
**Subject:** Revision to governance and corporate model

Colleagues, here is a paper on the possible new models. I will slim it down but any comments before noon Monday can be incorporated before Elliot issues the TPB papers.

Regards  
Graeme

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Graeme Bissett

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