

TRANSPORT EDINBURGH LIMITED

WRITTEN RESOLUTION: CIRCULATED ON 18 DECEMBER 2009

Note: This document is important and requires your immediate attention.
Please read the explanatory statement to members before signifying your agreement to the resolution in this document.

EXPLANATORY STATEMENT TO MEMBERS

1. Nature of written resolution

This document contains a proposed written resolution of Transport Edinburgh Limited for approval by you as a member of the Company. The Resolution is proposed as a special resolution and requires members holding not less than 75 per cent of the total voting rights of members entitled to vote on the resolution to vote in favour of it to be passed.

2. Period to approve written resolution

If the Company has not received the necessary level of members' agreement to pass the resolution by 14 January 2010 (being 28 days from the date the resolution was first circulated to members), the resolution will lapse.

3. Action required if you wish to approve the resolution:

Please signify your agreement to the resolution by completing your details and signing and dating the document in the box provided and returning it to the Company by hand or by post to the Company's registered address marked "For the attention of the directors or the Company secretary."

Once you have signified your agreement to the resolution, you cannot revoke it. Please ensure that your agreement reaches us no later than the close of business on 14 January 2010.

If you are signifying agreement to the resolution on behalf of a person under a power of attorney or other authority please send a copy of the relevant power of attorney or authority to the Company at the same time as you signify your agreement to the resolution and in any event by no later than the close of business on 14 January 2010.

4. Action required if you do not wish to agree to the resolution:

You do not have to do anything. Failure to respond will not be treated as agreement to the resolution.

Company no. SC269639

PRIVATE COMPANY LIMITED BY SHARES

SPECIAL WRITTEN RESOLUTION

of

TRANSPORT EDINBURGH LIMITED

("Company")

Written resolution of the Company pursuant to chapter 2 part 13 of the Companies Act 2006, proposed by the directors of the Company as a special resolution as detailed below:

SPECIAL RESOLUTION


THAT for the purposes of Article 5 of the Articles of Association, it is hereby determined that the maximum number of Directors of the Company shall be sixteen and the minimum number shall be four.

Circulation date: 18 December 2009

Registered office: 55 Annandale Street
Edinburgh
Midlothian
EH7 4AZ

Agreement to written resolution

We, the undersigned, being the person entitled to vote on the above resolution, irrevocably agree to such resolution:

Signed by authorised person on behalf of City of Edinburgh Council:	
Name and position of signatory:	<i>PROPER OFFICER ALASTAIR MACLEOD HEAD OF LEGAL</i> <i>Block capitals please</i>
	Dated <i>18/12/09</i>

Company Number: SC230949

Certificate Number:

Shareholder: Transport Edinburgh Limited

Date: 2009

Number of shares: 1000 ordinary shares

SHARE CERTIFICATE

Certificate Number

Number of Shares

1 ordinary share

Company Name: tie Limited

Company Number: SC230949

Registered Office: City Chambers, High Street, Edinburgh, Midlothian, EH1 1YJ

This is to certify that Transport Edinburgh Limited of 55 Annandale Street, Edinburgh, Midlothian, EH7 4AZ

is the Registered holder of 1000 Ordinary Shares of £1.00 fully paid in the above-named company, subject to the Memorandum and Articles of Association of the Company.

This document is hereby executed by the Company/The Common Seal of the Company was hereto affixed in the presence of:

Director:

Witness:

Date:

for David 2009

NO TRANSFER OF ANY OF THE ABOVE MENTIONED SHARES CAN BE REGISTERED UNTIL THIS CERTIFICATE HAS BEEN DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY

CEC00645841_0003

The Directors
Transport Edinburgh Limited
55 Annandale Street
Edinburgh
EH7 4AZ

18 December 2009

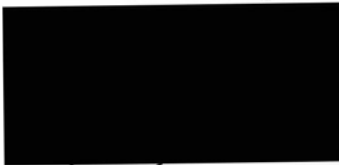
Dear Sirs

**TRANSPORT EDINBURGH LIMITED (the "COMPANY")
APPOINTMENT OF DIRECTOR**

We, the Directors of the Company, give notice of the immediate appointment of Kenneth James Hogg of 43 Windsor Place, Edinburgh, EH15 2AF as a director of the Company.

This notice is given pursuant to article 2 of the Company's articles of association and article 79 of the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F)(Amendment) Regulations 1985.

Yours faithfully



FOR AND ON BEHALF OF THE DIRECTORS OF THE COMPANY

The Directors
Transport Edinburgh Limited
55 Annandale Street
Edinburgh
EH7 4AZ

18 December 2009

Dear Sirs

**TRANSPORT EDINBURGH LIMITED (the "COMPANY")
APPOINTMENT OF DIRECTOR**

We, the Directors of the Company, give notice of the immediate appointment of Richard Benjamin Jeffrey of The Paphle, Cleish, Kinross, Scotland, KY13 0LQ as a director of the Company.

This notice is given pursuant to article 2 of the Company's articles of association and article 79 of the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F)(Amendment) Regulations 1985.

Yours faithfully



FOR AND ON BEHALF OF THE DIRECTORS OF THE COMPANY

The Directors
Transport Edinburgh Limited
55 Annandale Street
Edinburgh
EH7 4AZ

18 December 2009

Dear Sirs

**TRANSPORT EDINBURGH LIMITED (the "COMPANY")
APPOINTMENT OF DIRECTOR**

We, the Directors of the Company, give notice of the immediate appointment of William Ian Gold Craig of 4 Nile Grove, Edinburgh, Midlothian, Scotland, EH10 4RF as a director of the Company.

This notice is given pursuant to article 2 of the Company's articles of association and article 79 of the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F)(Amendment) Regulations 1985.

Yours faithfully



FOR AND ON BEHALF OF THE DIRECTORS OF THE COMPANY

The Directors
Transport Edinburgh Limited
55 Annandale Street
Edinburgh
EH7 4AZ

18 December 2009

Dear Sirs

**TRANSPORT EDINBURGH LIMITED (the "COMPANY")
APPOINTMENT OF DIRECTOR**

We, the Directors of the Company, give notice of the immediate appointment of Neil Scales of 8 Branscombe Drive, Lynford Park, Sale, Cheshire, England, M33 5JN as a director of the Company.

This notice is given pursuant to article 2 of the Company's articles of association and article 79 of the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F)(Amendment) Regulations 1985.

Yours faithfully



FOR AND ON BEHALF OF THE DIRECTORS OF THE COMPANY

The Directors
Transport Edinburgh Limited
55 Annandale Street
Edinburgh
EH7 4AZ

18 December 2009

Dear Sirs

**TRANSPORT EDINBURGH LIMITED (the "COMPANY")
APPOINTMENT OF DIRECTOR**

We, the Directors of the Company, give notice of the immediate appointment of Peter Strachan of 22 Kingfisher Drive, Colwich, Staffordshire, England, ST18 0EH as a director of the Company.

This notice is given pursuant to article 2 of the Company's articles of association and article 79 of the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F)(Amendment) Regulations 1985.

Yours faithfully



FOR AND ON BEHALF OF THE DIRECTORS OF THE COMPANY

The Directors
Transport Edinburgh Limited
55 Annandale Street
Edinburgh
EH7 4AZ

18 December 2009

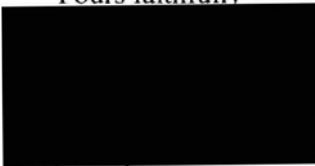
Dear Sirs

**TRANSPORT EDINBURGH LIMITED (the "COMPANY")
APPOINTMENT OF DIRECTOR**

We, the Directors of the Company, give notice of the immediate appointment of David Anderson, of 24 Barclay Drive, Helensburgh, Argyll & Bute, G84 9RB as a director of the Company.

This notice is given pursuant to article 2 of the Company's articles of association and article 79 of the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F)(Amendment) Regulations 1985.

Yours faithfully



FOR AND ON BEHALF OF THE DIRECTORS OF THE COMPANY

TRANSPORT EDINBURGH LIMITED

("Company")

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

PRESENT: David James Mackay (Chairman)

William Watson Campbell

Donald McDougall McGougan

Brian John Cox

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 (A) the acquisition of all shares in the capital of Edinburgh Trams Limited ("ETL") from Lothian Buses plc ("LB") for nil consideration and (B) the acquisition of all shares in tie Limited ("tie") from City of Edinburgh Council for nil consideration.
- 2.2 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.
- 2.3 The Chairman reported that the meeting had been convened to consider and, if thought fit, approve (A) Deed of Assignment between tie, Transdev Scotland Limited ("TSL"), ETL and the Company relative to the Development Partnering and Operating Franchise Agreement entered into between tie and TSL on 14 May 2004 and varied by a Minute of Variation on 20 December 2007 ("**Revised DPOFA**") (B) the Operating Agreement between the Company and City of Edinburgh Council ("CEC") (annexed to these Minutes) (C) the Memorandum of Understanding between the Company, tie and CEC (annexed to these Minutes) (D) the Memorandum of Understanding with ETL (annexed to these Minutes) and (E) the establishment of an Audit Committee, a Remuneration Committee and a Health and Safety Committee as sub committees of the Company board.

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:

- declare the nature and extent of their interests (direct or indirect) in any proposed or existing transaction or arrangement with the Company; and
- 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, tie and ETL.
William Watson Campbell	Director of LB and ETL.
Brian John Cox	Director of tie 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 ACQUISITION OF SHARES IN ETL & tie AND ENTRY INTO DOCUMENTS/ESTABLISHMENT OF SUB-COMMITTEES

4.1 It was proposed that the Company acquires the entire issued share capital (comprising of 1 ordinary share of £1) of ETL from LB for nil consideration. The Chairman noted that, ETL is a non-trading 'shell' company with no assets (save for £1 paid up share capital) and no liabilities.

4.2 It was also proposed that the Company acquires the entire issued share capital (comprising 1,000 ordinary shares) of tie from CEC. The Chairman noted that tie is a single purpose wholly owned subsidiary of CEC and that the acquisition was an agreed step which the Edinburgh Tram Project Governance restructuring to facilitate public transport integration in Edinburgh and to further CEC's objectives as transport authority. tie would remain in-house provider of project delivery services to TEL and to CEC.

4.3 It was also proposed that the Company enter into a Deed of Assignment with tie, TSL and ETL relative to the Revised DPOFA. The Chairman noted that the Revised DPOFA regulated the service of provisions relative to the operation of the tram project by TSL to tie. Under the terms of the Deed of Assignment, TSL would cease to perform the services required pursuant to the Revised DPOFA and its interests and duties therein would be assigned to ETL. tie would assign its rights and interests and duties to the Company.

- 4.4 It was also proposed that the Company enter into various documents put before the directors at the meeting, namely the Operating Agreement and the two Memorandums of Understanding referred to above.
- 4.5 It was further proposed that various committees standing as sub-committees of the Board were to be established. The Chairman noted the proposed names, remits and initial memberships of these committees.
- 4.6 There was produced a draft special written resolution of the directors of the Company containing a resolution ("**Written Resolution**") to increase the maximum limit of directors permitted to sit on the Board of the Company. It was resolved that the Written Resolution together with a copy of the Articles be distributed immediately to the sole member entitled to receive the same pursuant to chapter 2 of part 13 of the Companies Act 2006 for approval.

The Chairman then adjourned the meeting to allow the Written Resolution to be so distributed.

On resumption it was noted that the Written Resolution had been duly passed without amendment.


- 4.7 After due and careful consideration, **it was resolved** that:

- 4.7.1 The Company acquire at nil consideration the entirety of (i) the share capital of ETL and (ii) the share capital of **tie** and authority is delegated to the Chairman to complete and perfect all formalities, on the basis that acquisition was supportive of the Company's objectives and core purpose of integrated public transportation;
- 4.7.2 The Operating Agreement with CEC (annexed to these Minutes) is approved for immediate execution with delegated authority to the Chairman for signature;
- 4.7.3 The Memorandum of Understanding with ETL (annexed to these Minutes) is approved for immediate execution with delegated authority to the Chairman for signature;
- 4.7.4 The Memorandum of Understanding between the Company, **tie** and CEC (annexed to these Minutes) is approved for immediate execution with delegated authority to the Chairman for signature;
- 4.7.5 The terms of the draft Deed of Assignment (annexed to these Minutes) pursuant to which the Company takes assignment of the rights and obligations of **tie** Limited under the Revised DPOFA Agreement are approved, with delegated authority with delegated authority to the Chairman for signature;
- 4.7.6 The Company accepts intimation of the assignment of the Revised DPOFA from the relevant parties;
- 4.7.7 ETL is approved as the Company's in house service provider and counterparty to the Revised DPOFA Agreement as assigned to the Company by deed of assignment;

- 4.7.8 Further to the approval of the Written Resolution without amendment by the sole member, the following directors appointments are confirmed with immediate effect: Richard Benjamin Jeffrey, David Alexander Anderson, William Ian Gold Craig, Neil Scales, Kenneth James Hogg and Peter Strachan;
- 4.7.9 The following standing committees are established as sub committees of the TEL Board. Each Committee shall exist and act until its dissolution by subsequent Board resolution.
- The Audit Committee comprising an initial membership of Kenneth Hogg, Neil Scales, Peter Strachan, Councillor Allan Jackson and Councillor Ian Perry and chaired by Kenneth Hogg. The remit of the Committee shall be identical to that of its predecessor on the tie board and it shall have full delegated authority of the Board concerning all matters on which full delegated authority was granted by the tie board.
 - The Remuneration Committee comprising an initial membership of Brian Cox, Peter Strachan, Kenneth Hogg, Councillor Ian Perry and Councillor Gordon Mackenzie and chaired by Brian Cox. The remit of the Committee shall be to review and set on an agreed periodic basis the remuneration of the directors, officers and employees of TEL, tie and ETL and it shall have full delegated authority of the Board in all matters concerning salaries, bonuses and salary review.
 - the Health and Safety Committee comprising an initial membership of Brian Cox, Councillor Ian Perry and Richard Jeffrey and chaired by Brian Cox. The remit of the Health and Safety Committee shall be the monitoring and decision making in connection with all Health and Safety matters on the Edinburgh Tram Project, whether during implementation, operations or maintenance. Save as noted in the H&S Protocol (annexed to these Minutes), the Committee shall have full delegated authority from the Board in all matters concerning Health and Safety; and
- 4.7.10 The Company shall perform all corporate actions required to perfect the above-mentioned transactions.

5. CLOSE

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


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 standing protocol for the Company is resolved by the Board:

1. The Board shall continue to consider as a standing agenda item all Health and Safety matters brought to their attention by the TEL Board Health and Safety Committee or the TEL Board Audit Committee and by the Tram Project Director's monthly report and the tie Board Health and Safety transmittal or which may have been brought to their attention through external or other means.
2. The Board shall formally note the TEL Board Health and Safety Committee's recommendations and the tie Board's Health & Safety transmittal where, in the opinion of the Board, no further specific action is required and shall instruct that conclusion to Tram Project Director. The Board shall transmit a copy of that instruction to the tie Board (represented by its duly delegated members) and to the Tram Monitoring Officer.
3. The Board shall consider and resolve how to deal with any urgent matters by instruction to the Tram Project Board for transmittal to the Tram Project Director.
4. Where the Board resolves to endorse specific Health & Safety action recommended by the TEL Board Health & Safety Committee, the tie Board (or its duly delegated members) and/or the Tram Project Director's monthly Health & Safety report, the Board shall instruct its resolutions (in terms of the form of a proposed written instruction/approval to the Tram Project Director) to the Tram Project Board for transmission by written instruction to the Tram Project Director.
5. The Board shall send a copy of its resolutions on Health and Safety matters and any Tram Project Board's instructions to the Tram Project Director to the Tram Monitoring Officer and to the tie Board (represented by its duly delegated members).
6. Where the TEL Board does not accept a recommendation from the Tram Project Director which has been communicated to it through the Tram Project Director's monthly Health & Safety report or resolves that there is a need for different or additional action than that proposed by the Tram Project Director, the Board shall give detailed reasons for its
7. The Board shall instruct the Tram Project Board to issue the relevant and appropriate instructions to the Tram Project Director to implement the Board's decision. The Board shall send a copy of its resolutions (and its reasons) and the consequent instructions to the Tram Project Director to the Tram Monitoring Officer and to the tie Board (represented by the its duly delegated members).