

## Structure of the joint venture

### Share capital

1. The authorized share capital of the company is £1,700,000 divided into:
  - (a) 1,100,000 A Ordinary Shares of £1 each of which Braddell have allotted 1,068,153 which are issued and fully paid; and
  - (b) 600,000 B Shares of £1 each of which Stagecoach have allotted 575,159 which are issued and fully paid.
2. [X]

### Board structure

3. Scottish Citylink's joint venture Articles of Association set out that as long as Braddell or its associates hold a majority of shares and Stagecoach a minority the Board shall be composed of:
  - (a) not more than three directors from Braddell; and
  - (b) not more than two directors from Stagecoach; with
  - (c) the Chairman being one of the Braddell directors.
4. If Stagecoach becomes the majority shareholder, the composition and the Chairman of the Board are reversed.

### Meeting and voting arrangements

5. The Articles of Association contain the following meeting and voting arrangements, which ensure Braddell control of Scottish Citylink at Board level:
  - (a) Board meetings<sup>1</sup> require two shareholders; one representing each class of shares with a quorum being two directors comprising at least one Braddell director and one Stagecoach director.<sup>2</sup>
  - (b) A resolution of the Board shall not be validly passed and shall not be binding on the company unless it is carried by a majority in number of the directors, with at least one Braddell director voting in favour of the resolution.<sup>3</sup>
  - (c) The Chairman shall have a second or casting vote in the event of equality of votes.<sup>4</sup>

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<sup>1</sup>Articles 11.1 and 11.2.

<sup>2</sup>A director is deemed as being present at a Board meeting, and able to vote and count in the quorum, if they can speak and be heard simultaneously (whether in person or via telephone or video conferencing).

<sup>3</sup>Article 9.6.

<sup>4</sup>Article 7.5.

(d) Any executive committee must have at least two directors comprising one from each of Braddell and Stagecoach.<sup>5</sup>

6. In addition, neither Stagecoach—nor Braddell—appointed directors can vote on the appointment or removal of each other’s director appointees and alternate directors may be appointed by named directors.<sup>6</sup>

### **Board and shareholder matters**

7. [✂]

8. [✂]

### **Funding and dividend policy**

9. [✂]

10. [✂]

### **Protection of the business**

11. [✂]

12. [✂]<sup>7,8</sup>

### **Management structure**

13. The Shareholders’ Agreement states that Stagecoach will be responsible for the day-to-day operation of Scottish Citylink. [✂] In the Management Agreement it confers this responsibility on to the senior management: ‘The day to day operation of Scottish Citylink and Megacity and conduct of the business will be the responsibility of [Scottish Citylink’s] senior employees in accordance with the instructions of the Board.’<sup>9</sup> The day-to-day operational functions include: [✂]

14. [✂]<sup>10,11</sup>

15. [✂]<sup>12</sup>

16. [✂]<sup>13</sup>

17. [✂]

18. [✂]

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<sup>5</sup>Articles 11.1 and 11.2.

<sup>6</sup>Articles 7.3 and 7.4.

<sup>7</sup>Shareholders’ Agreement Clause 9.2.

<sup>8</sup>Shareholders’ Agreement Clause 9.3.

<sup>9</sup>Management Agreement Clause 2.1.

<sup>10</sup>Management Agreement Clause 3.3.

<sup>11</sup>Management Agreement clause 3.3.4.

<sup>12</sup>Shareholders’ Agreement Article 13.

<sup>13</sup>Provided at the request of Mr Singh (Braddell CEO).

## Management fee

19. Stagecoach also receives an agreed fee of [X] per cent of Scottish Citylink turnover in return for its management obligations. [X]

[X]

20. [X]