

TRANSPORT EDINBURGH LIMITED – ARTICLES OF ASSOCIATION

Transport Edinburgh's current Articles of Association require that the maximum number of directors shall be 8 and the minimum shall be 4.

The current 8 directors of Transport Edinburgh Limited are:-

- Councillor Phil Wheeler;
- Councillor Allan Jackson;
- Councillor Ricky Henderson.
- David Mackay (Chairman);
- Willie Gallagher;
- Donald McGougan;
- Bill Campbell;
- Neil Renilson.

There is therefore no ability to appoint additional directors.

As a result of the desire

- to fully align councillor directors across the TEL Board and Tie Board;
- to provide a greater commonality of non-executive directors across both boards;
- to create the opportunity for the SNP to have a director on both boards

it is necessary to revise the Articles of Association to increase the maximum number of directors from 8 to 12.

It is currently anticipated that to achieve the above objectives:-

- Councillor Mackenzie (Convener of Finance);
- An SNP Councillor;
- Brian Cox (Depute Chairman of TEL)

would join the TEL Board on adoption of the revised Articles (at the moment, Councillor Mackenzie and Brian Cox "sit in" on meetings but are not formal directors, and the SNP have indicated that, if they are offered a directorship, they will take it up).

Attached hereto is a copy of the draft revised Articles, which increase the maximum number of directors from 8 to 12.

It is not proposed to alter the minimum number of directors from 4, nor to alter the number required to be present to form a quorum from the current figure of 4.

Adoption of the revised Articles requires an EGM to be held, at which they can be approved. This can be a very brief, single-item meeting and it is proposed to hold this EGM at 0850 hours on Wednesday 12 March 2008 at Citypoint, i.e. immediately preceding the Tram Project Board, scheduled for 0900 hours that day.

As all current TEL directors are invited to attend the Tram Project Board, this should involve minimum inconvenience to all concerned.

Subject to this course of action being agreed at the TEL Board on 23 January 2008, we will proceed and issue a formal notification of the EGM to the shareholder (CEC – Tom Aitchison), so they may confirm their agreement with this course of action and appoint a proxy (presumably Donald McGougan) to attend the EGM on behalf of the City Council to vote for adoption of the revised articles.

N J Strachan
Company Secretary

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