

Venw/DGMO-2009/4827  
INGEKOMEN 13 AUG 1999

**ATE** Angel Train Contracts

Mr M Wiedenhof  
Ministry of Transport, Public Works & Water Management  
Project Organisation HSL  
PO Box 43  
3500 AA Utrecht  
The Netherlands

11<sup>th</sup> August 1999

Dear Mr. Wiedenhof,

**Re. Angel Train Contracts - Interest in HSL Zuid Project**

Thank you for confirming receipt of my e-mail relating to the above. As promised, I am now pleased to enclose two hard copies of our Registration of Interest document, plus two copies of our most recent annual report.

I look forward to speaking with you again soon.

Yours sincerely,



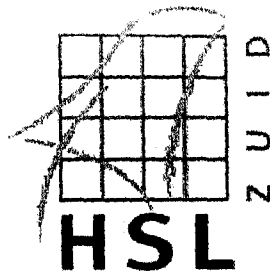
Paul Berdugo  
International Business Development

**Tel:** +44 (0)20 7592 0602  
**Fax:** +44 (0)20 7592 0542  
**e-mail:** paul.berdugo@angeltrain.co.uk

DGME 2009/4824.01

## REGISTRATION OF INTEREST

To



**The Ministry of Transport, Public Works and Water Management  
of the Netherlands**

by

**ATC** Angel Train Contracts

August 1999

**TABLE OF CONTENTS**

	<b>Section</b>
<b>INTRODUCTION</b>	
<b>INTEREST REGISTRATION</b>	<b>1</b>
I. Details of Company	
II. Type of Contract(s)	
III. Expertise and Experience	
<ul style="list-style-type: none"><li>• Angel Trains</li><li>• Royal Bank of Scotland</li><li>• Commitment to an International Presence</li><li>• Bidding Consortium</li></ul>	
<b>APPENDIX -</b>	
<b>KEY PERSONNEL AT ANGEL TRAIN CONTRACTS</b>	<b>2</b>
BUSINESS DEVELOPMENT	
ENGINEERING	
FINANCE	
LEGAL	
<b>CONCLUSION</b>	<b>3</b>

## **INTRODUCTION**

### **Background to Angel Train Contracts**

Angel Train Contracts (« Angel Trains » or « ATC ») was created in April 1994 within British Rail, in the prelude to privatisation of the UK's entire rail operations and network. In late 1995 ownership of the company was transferred to Her Majesty's Treasury, as part of the on-going process of separating activities out of British Rail and valuing them. In January 1996 the company was sold to GRSH, a company controlled as to 85% of its capital by Nomura International, the London-based Japanese-owned investment bank.

In December 1997 the company changed hands when RBS acquired its present outright ownership of GRSH. The aggregate price paid on both sales of the company was approximately £1 billion.

The Royal Bank of Scotland is likely to remain a long-term shareholder of the company. However, notwithstanding its very strong and supportive shareholding, Angel Trains remains independently managed and entrepreneurial in its approach.

### **Business overview**

On the one hand, the company's core business is as the UK's largest lessor of passenger rolling stock.

Given the UK's position in the vanguard of the private sector provision of operating leases on passenger rolling stock, this means Angel Trains is probably the world leader in its specialised market. More importantly, over the past year it has demonstrated itself to be the most active and innovative of its peer group, diversifying into both high speed trains and freight traction, and penetrating international markets.

On the other hand, Angel Trains' experience of the privatisation process, its engineering expertise and its industry credibility have led to the development of a strong consultancy and advisory activity within the business. This service has already been applied to a wide range of client needs, ranging from assistance on route-specific procurement issues to advising on the overall tendering process for a state railway system undergoing partial deregulation.

### **HSL Zuid**

Given the above profile, Angel Trains is delighted to register its interest in the possibility of being involved as the lessor the rolling stock for the prestigious HSL Zuid project.

DMU-2009/4827.01

## **REGISTRATION OF INTEREST**

### **I. Details of Company**

<b>Name</b>	Angel Train Contracts Limited
<b>Current Trading Name</b>	Angel Train Contracts Limited
<b>Previous Trading Names</b>	Not applicable
<b>Principal Address</b>	Portland House Stag Place Victoria London SW1E 5BH
<b>Name of Contact Persons</b>	Paul Berdugo, Senior Manager, Business Development Timothy Jackson, Senior Manager, Business Development John Vale, Business Development Director
<b>Telephone</b>	+44 20 7592 0602 +44 20 7592 0598 +44 20 7592 0778
<b>Facsimile</b>	+44 20 7592 0542
<b>E-mail</b>	paul.berdugo@angeltrain.co.uk
<b>Type of Organisation</b>	Private limited company
<b>Country of Registration</b>	England
<b>Registration Number</b>	2912655
<b>Year of Registration</b>	1994
<b>Nature of Business &amp; Services Provided</b>	<u>Train leasing</u>  The core business of ATC is the operating leasing of railway rolling stock. In this capacity ATC is the owner of a large fleet of rail vehicles which it leases to train operating companies.  On its establishment, Angel Trains was the largest of the three rolling stock leasing companies (Roscos) in the UK having inherited about 3,700 passenger rail vehicles of varying ages, representing about 36% of the entire fleet in the UK. Angel's fleet is also the most diversified of the three Roscos, and comprises a mixture of, approximately, 1000 diesel multiple units (DMUs), 2100 electric multiple units (EMUs) and 600 high-speed train sets (HSTs). Initially, Angel had no locomotives or loco hauled coaches.  This fleet is leased to eighteen of the twenty-five franchised train operating companies in Britain, under about seventy separate lease contracts. These contracts are operating leases, the terms

DGMA 2009/4827.01

of which are substantially shorter than the remaining useful life of the equipment.

**Nature of Business  
& Services provided (Cont.)**

Consultancy and Advisory

In addition to being a true operating lessor for rail rolling stock, as described above, Angel has developed a consulting subsidiary, with particular skill in passenger rail privatisation and rolling stock procurement, and has pushed successfully into new markets, outside passenger rolling stock in the UK.

Maintenance

Under the operating leases described above, Angel Trains is also responsible for the vehicle heavy maintenance.

Angel does not have its own maintenance facilities. Instead, we use our engineering skills and our economies of scale to procure this work from third party suppliers at the best possible rate, without compromising safety or residual value. Typical suppliers of maintenance are the major rolling stock manufacturers and some of the larger train operating companies themselves, and Angel's annual maintenance spend is around £100 million.

**Name of Parent Company**

Angel Trains is a wholly-owned subsidiary of **GRS Holding Company Ltd**, which itself is a wholly-owned subsidiary of the **Royal Bank of Scotland Group plc (RBS)**.

RBS is a public quoted company in the United Kingdom (UK), with a market capitalisation of about £12 billion, and is one of Britain's largest retail and corporate banks.

**Interests of Parent Company** 100%

**II. Type of Contract(s)**

We would like to register for a combination of both the international and domestic contracts.

**III. Expertise and Experience**

**1. Angel Trains**

Angel Trains has a growth target of £3 billion of new assets in the five-year period from 1997 to 2002. Of this ambitious target, Angel Trains has already realised approximately £1.2 billion in the last twelve months in the form of four major new business transactions. A brief outline of these transactions is provided below :

### **Virgin Rail Group - West Coast Main Line**

ATC was procurement advisor to VRG for the West Coast and Cross Country franchises and won the role of sole operating lessor on the larger West Coast Main Line transaction.

- £600 million fully underwritten and closed by Angel Trains
- 53 Advanced Tilting Trains from Alstom / Fiat
- UK's first high-speed line (London ⇌ Glasgow)
- UK's largest ever order of passenger trains
- train service agreement with manufacturer
- residual-based tax lease
- use of capital markets funding

### **Northern Spirit**

ATC acted as operating lessor and provider of a maintenance and performance regime.

- £55 million underwritten and closed
- 39 month operating lease
- 16 x 3-car electric multiple units from Siemens/CAF
- first new build order in UK for Siemens and for 23m vehicle bodies, other than Heathrow Express
- train service availability contract
- residual based tax lease with debt from Kreditanstalt für Wiederaufbau

### **English, Welsh & Scottish Railway**

ATC acted as operating lessor for the largest ever investment in UK rail freight.

- £375 million underwritten and closed
- 250 diesel-electric freight locomotives from GM-EMD
- 30 diesel-electric freight locomotives from GM-EMD and Alstom Transport
- UK's largest ever rolling stock lease at the time
- non-regulated new business
- use of export credit debt from Export Development Corporation of Canada
- US-oriented client (Wisconsin Central)
- IFR Transport Finance magazine's 'Europe Rail Deal of the Year 1998'

## **First Group**

ATC is mandated to be sole operating lessor for First Group's new train fleet.

- £118 million mandated
- 8 x 5-car diesel multiple units for Great Western Trains
- 27 x 2-car and 3-car diesel multiple units of modular design for North Western Trains
- four-year tax-based operating lease on new equipment
- negotiations continuing with Alstom to extend maintenance agreement ten years beyond end of initial lease/franchise
- Alstom DMU's with 125 mph (= 200 kph) capability and provision for transmission based signalling

## **2. Royal Bank Of Scotland**

RBS' expert involvement in the rail sector long predates its purchase of Angel Trains, since it was historically the main clearing bank of the British Railways Board. In more recent times, it has been an active banker to GEC Alstom Metro Cammell (now Alstom). It has been involved in the finance leasing of trains for both British Rail (the Networker commuter trains) and London Underground (the new Northern Line fleet), as well as some light rail projects in the UK. It has been a major source of acquisition leverage to Wisconsin Central, Go-Ahead, First Group and other private sector rail operators, and sees itself as a long-term player in a long-term industry.

## **3. Commitment to an International Presence**

Angel Trains has been active in the international passenger train leasing market for the last eighteen months. Successes to date have included the award of a mandates for:

- the provision of long-term operating lease facilities to a private Portuguese consortium buying a fleet of new commuter trains.
- the provision of a domestic operating lease for high speed trains in Australia
- an operating lease of passenger trains to a private European rail operator.

## **Bidding Consortium**

Because Angel Trains is not a train operating company it will be essential, according to the terms of your pre-qualification process, for us to jointly bid with at least one other party (i.e. an operator). We would also like to consider forming a wider group or consortium incorporating, potentially, a local bank and a local or international transport group.

Our potential choice of consortium partners would probably be the same for the domestic or international contracts. This would mean a greater level of simplicity, and we would ensure that the group had the ability to deliver an equally high quality bid for each type of contract.



**Appendix -****KEY PERSONNEL AT ANGEL TRAIN CONTRACTS****BUSINESS DEVELOPMENT**

**John VALE** BSc FCMA, aged 48 is a Chartered Management Accountant and holds a degree in Mathematics from Manchester University. He began his working career with British Leyland where he held a number of financial positions, including Senior Investment Analyst on the £300m Metro Programme at Longbridge and Plant Financial Controller at Cowley.

Leaving the car industry in 1981, he had a short spell in the motorcycle industry before entering the plastics industry where he became Managing Director of a leading plastic moulding company. After three years back in the car industry he joined BREL (British Rail Engineering Limited) as Group Financial Controller, New Construction, as it prepared for privatisation in 1987. Adding responsibility for commercial activities to his remit, in 1992 he was appointed Finance Director for ABB Transportation (UK) Ltd before becoming Business Development Director for Adtranz in 1994.

His principal achievements have been associated with cost reduction and efficiency improvements and he successfully lead negotiations for ABB for the £150 million operating lease for Networkers now in use at West Anglia Great Northern and Connex South Eastern train operating companies.

Since his arrival at Angel as Business Development Director, he and his team have been responsible for closing rolling stock deals worth over £1bn, as detailed above.

**Timothy JACKSON** started his career in finance when he joined Mitsubishi Bank in 1987. After brief spells of training in London and Tokyo and a specialisation towards cashflow-based or tax-based lending, he went to Paris in 1989 to establish the structured finance function there. The experience included Japanese and US leases on aircraft, French leases and bond issues to finance high speed trains, a variety of infrastructure projects and the establishment of banking relations with many of France's largest corporations in the transportation, utility and construction sectors.

In 1992 he moved to Aérospatiale in Toulouse, to handle the vendor finance activity for the ATR range of regional aircraft, and was appointed to lead the team some time later. Transactions were led and concluded with large blue chip airlines and with local carriers in more exotic jurisdictions. This was also an introduction to new financing techniques, notably operating leasing, export credit and asset value guarantees.

Returning to Britain, Tim Jackson joined Angel Train Contracts in November 1997, in order to take charge of developing the international rolling stock leasing activity of a hitherto purely domestic operation. Since joining the company, a £375m lease has been closed with the UK's largest rail freight operator and Angel has its first mandate for an overseas transaction, in Portugal. Many opportunities overseas are being pursued, both in pure operating leasing and hybrid structured finance of rolling stock.

Now aged 35, Tim gained a first class degree in Modern Languages from Cambridge University.

DG 100-2009/4827.01

**Paul BERDUGO BA**, aged 33, holds a joint honours degree in Languages, Economics and Politics from Kingston Polytechnic.

Paul has ten years experience in the leasing industry, having joined the UK leasing subsidiary of Midland Bank as a graduate in 1989. He gained responsibility for the bank's local authority operating leasing activities and later became a Manager in the big ticket, Specialised Finance Group.

In 1995 Paul joined the Fuji Bank to focus on cross-border leasing products. His principal achievements here were in developing the bank's cross-border lease arranging activities in Europe. Notable transactions included a US\$ 210m UK/US double-dip ship financing for the Stena Group, and a US\$ 250m US li-lo transaction for a major Scandinavian printing group.

**Richard HORTON (BA Business Studies)** has spent almost his entire career in procurement, starting in the aircraft seating industry. He joined London Underground Limited (LUL) in 1977 as an assistant buyer. By 1984 he had been promoted to Procurement Manager in charge of the central procurement function with a staff of 44 people. This office placed all the contracts for 80% of the goods and services purchased by LUL. Whilst at LUL, Richard was lead negotiator for the following rolling stock projects:

- Refurbishment of Bakerloo, Victoria, Piccadilly, Metropolitan, Circle and Northern Lines - value £ 224m
- Replacement of Central Line rolling stock - value £ 320m
- Jubilee Line 10 year maintenance contract for new rolling stock - value £ 60m
- Northern Line PFI replacement of rolling stock and 20 year maintenance contract - value £ 750m

Since joining Angel Train Contracts in 1996 he has negotiated a turnover based heavy maintenance contract for £ 150m and as a secondee to Virgin Rail Group has negotiated two franchise length Train Service Agreements for the West Coast franchise and the CrossCountry franchises, with a total value of about £ 2.5 billion.

## **ENGINEERING**

**Chris ADAMS** is a professional engineer with over 20 years experience gained in the rail industry of both the UK and Australia.

He spent 4 years based in Sydney with an international transport consultancy, where he undertook assignments for a number of state and private companies. During this time he worked on rail privatisation studies, new rolling stock projects and maintenance cost reduction programmes.

In 1995 Chris joined ATC as head of product development, where he is responsible for a team involved in the enhancement and refurbishment of the ATC fleet of 3,500 vehicles.

In the last year he has provided the technical expertise on the Virgin West Coast transaction, responsible for both the residual value analysis and in addition, all technical issues involved with the design, manufacture and testing of the 53 new trains. He was also a key member of the ATC team negotiating a suite of agreements with Virgin Rail Group, Alstom/Fiat Ferroviaria, financiers and industry regulators.

## **FINANCE**

**George LYNN** BSc FCA, aged 43, is a Fellow of the Institute of Chartered Accountants, and holds a degree in Psychology from Hull University. He began his professional career at the London offices of Deloitte Haskins & Sells (now PriceWaterhouseCoopers), where he worked extensively on leasing clients both in the UK and Italy.

He has always worked in the finance sector, but principally in leasing companies, dealing with small ticket to large value transactions. He has been chief accountant of Highland Leasing Limited (agricultural lessor in the Barclays Group), Baltic PLC and Union Discount Finance & Leasing.

Prior to joining Angel, he was Group Finance Director of Union Discount PLC, a group publicly quoted in the UK and active in financial services, market making, futures trading and banking group. In this role he was responsible for negotiating a number of corporate acquisitions and disposals, under stock exchange regulations.

Since his appointment in June 1994 as the first Finance Director of a Rosco, in the run up to privatisation, he has been intimately involved in all of the developments of the UK rolling stock operating leasing market since its inception. He has handled all financial aspects of Angel for the past five years.

From 1985 to 1993 he was a member of the Finance & Leasing Association Taxation committee, and is now on the FLA Accountancy Panel.

## **CONCLUSION**

We hope to have demonstrated in this short document, and its appendices, that the credentials of Angel Trains in the international leasing of passenger trains – including high speed rolling stock - are unrivalled. We have spent time building up a team of individuals with the right blend of financial, legal, engineering and international skills to approach this specialist market with confidence.

Our track record over the past year is the result, and we are very hopeful that we would be able to add value to the success of the HSL Zuid project.

Venw/D&MO-2009/4824.02

eSafe Protect Gateway (tm) has scanned this mail for viruses, vandals and suspicious attachments and has found it to be CLEAN.

File: HSL Zuid-REGISTRATIO (102,912 bytes)  
Encoding: Base64  
Result: Clean.

Dear Mr Wiedenhof,

As per our telephone conversation earlier today, I would like to register the interest of Angel Train Contracts in the rolling stock element of the HSL Zuid project.

We are aware that you recently requested potential operators of the project to register their interest by 1<sup>st</sup> August. However, we would like to stress that Angel Train Contracts is not an operator of rail services, and as such we were not able to respond in that capacity.

On the other hand, we would be very keen to consider the possibility of acting as owner and operating lessor for this rolling stock. As such we are pleased to attach a more detailed Registration of Interest which includes some further information on our company and its activities.

<<HSL Zuid-REGISTRATION.doc>>

We hope that this is satisfactory at this stage and that we will be able to pursue more detailed discussions with you in due course.

In the meanwhile, please do not hesitate to contact me should you require any more information, and I look forward to hearing your comments on the attached document. Please note that a hard copy, plus a copy of our latest audited accounts, will also be forwarded to you today by post.

Yours sincerely.

Paul Berdugo

Senior Manager  
International Business Development

**Tel:** +44 (0)20 7592 0602  
**Fax:** +44 (0)20 7592 0542  
**e-mail:** paul.berdugo@angeltrain.co.uk