



VenW/DG/MCO-2009/5280

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Projectorganisatie HSL - Zuid
Catharijnesingel 33
Radboudtoren, Level 5
3511 GC Utrecht
The Netherlands

F.A.O. Mr Roel Testroote.

13 September 2000

Dear Mr Testroote

Please find enclosed our qualification submission for the domestic, international and combined transport services concession operating on the HSL - Zuid line.

We are requesting qualification as Stagecoach Holdings plc and confirm that we will be able to draw on the experience and expertise of all of our subsidiary companies in making this bid.

I enclose copies of our annual accounts and review as evidence of our financial performance and the diversity of our activities. Bank of Scotland have provided a letter of comfort on your financial requirements.

Our advisors, PricewaterhouseCoopers, will be drawing on the experience of their corporate finance division to provide our bidding team with the experience we need of the Dutch Transport market. I attach the appropriate CVs to illustrate how this advisory relationship will add value to our bid. We are currently exploring the possibility of adding a minority partner to our bidding team from one of the Dutch bus companies with the necessary experience to add value to our proposal. We understand that any change to the team following qualification will require your approval.

Stagecoach is very keen to qualify as a bidder for these services and I hope you will find all of the information you require enclosed. Please do not hesitate to contact me if you require any clarification or further details.

Yours sincerely

A handwritten signature in black ink, appearing to read "Allison Ingram", written over a horizontal line.

Allison Ingram
Rail Projects Director

the integrated transport company

Appendix D: Request for Qualification

Part A: Information about the Applicant

The answers to these questions should be provided by the duly authorised officer of the Applicant. In cases where an Applicant is a consortium, the duly authorised officers of all consortium partners must duly answer these questions.

A 1 Applicant

Name	<i>Stagecoach Holdings PLC</i>
Authorised Officer	<i>Keith Cochrane</i>

A 2 In case the Applicant is a consortium, who are, or will be, the shareholders in the Applicant?

Company Name	(Intended) Percentage holding
<i>Stagecoach Holdings PLC</i>	<i>90% - 95%</i>
<i>Dutch Partner</i>	<i>10% - 5%</i>

Our application is made as Stagecoach Holdings. We are pursuing a link up with a Dutch bus operation but this will not be completed by 15 September 2000. If successful in the bidding process, we would operate the High Speed Link services as a subsidiary company with the Dutch bus company as a minority shareholder.

A 3 Applicant's person for contact purpose (also in case the Applicant is a consortium)

Name	Allison Ingram
Address	Stagecoach Holdings PLC Wessex House 231 – 232 Blackfriars Road London SE1 8NW United Kingdom
Telephone	+44 20 7620 5834
Fax	+44 20 7620 5613
E-mail	agingram@yahoo.com

A 4 What is the actual, or if applicable proposed, legal status of the Applicant?

Stagecoach is a UK public limited company.

A 5 Where the Applicant is a consortium, an outline of the method for governing the relationships between each consortium partner should be provided.

If Stagecoach are not able to acquire a Dutch partner we will operate the HSL services as a wholly owned subsidiary. If we are able to include a Dutch operator as a 5% - 10% shareholder in a subsidiary company we will govern the arrangement via a Shareholders' Agreement. As a publicly listed company on the London stock exchange, such a formal requirement is necessary. We have such a Shareholders Agreement with Virgin management in relation to the Virgin Rail Group.

Part B: Information about each consortium partner (as identified at question A 1)

Each consortium partner should complete questions B 1 to B 3 (on separate copies) and provide the information relevant to their roles as set out in parts C and D.

B 1 Details of the company

Registered name	<i>Stagecoach Holdings PLC</i>
Current trading name	<i>Stagecoach</i>
(if different) Previous trading name	<i>N/A</i>
Registered address	<i>Group Headquarters, 10 Dunkeld Road, Perth PH1 5TW, United Kingdom</i>
Authorised Officer	<i>Keith Cochrane, Chief Executive</i>
Telephone	<i>+44 1738 442 111</i>
Facsimile	<i>+44 1738 443 076</i>
E-mail	<i>kcochrane@stagecoachholdings.com</i>

Type of organisation

Global Transport Operator

Country of registration: *Scotland, United Kingdom*

Registered number	<i>SC100764</i>	Year of registration	<i>1986</i>
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I confirm that the authorised officer named in A 3 is authorised to act as the principal contact person on behalf of this companies in dealings with the State related to the tender of the HSL-Zuid transport contracts, as set out in this Qualification Document.

B2 Parent of consortium partner company

Is the company in B 1 a subsidiary of another organisation? No

If Yes, please provide:

Name of parent company	n/a
What interest does the parent company have in the company in B 1	n/a

For each parent of the consortium partner please supply details specified in B 1.

B 3 Describe the nature of the business and the services which the company at B 1 provides.

Operators of transport worldwide including buses, light rail, heavy rail, ferries, taxis, airports and toll roads.


Part C: Pre-qualification criteria

C 1 Exclusion

The Applicant and each consortium partner should respond accordingly to the following questions regarding its corporate activities.

I declare that I am not a:


- a) person or legal entity in a state of bankruptcy or liquidation, which has ceased its business activities, or which is the subject of a moratorium or a settlement or in a similar situation as a result of a similar procedure under national laws or regulations;
- b) person or legal entity which is subject to a bankruptcy application or forms the subject of a procedure for a moratorium or settlement, or a similar procedure under national laws or regulations;
- c) person or legal entity which, by virtue of a judgement which has become final and conclusive, has been found guilty of an offence which raises doubts about the professional integrity of the Applicant, its shareholders, or member(s);
- d) person or legal entity which has committed a grave error in the performance of their profession, determined on any grounds for which the State can make a reasonable case;
- e) person or legal entity which has not met its obligations with regard to the payment of social security contributions, in accordance with the legal requirements in the country in which it is established or those of the Netherlands;
- f) person or legal entity which has not met its obligations with regard to the payment of taxes, in accordance with the legal requirements in the country in which it is established or those of the Netherlands; or
- g) person or legal entity which has been guilty of making false statements in the provision of information, including statements made for the purpose of an Application and the information submitted on the basis thereof.

Authorised officer	Company name	Signature
Keith Cochrane	Stagecoach Holdings PLC	

C2**The Applicant and, in the case of a consortium, each of the consortium partners should complete the following declaration.**

I declare that:

- a) I have applied in this qualification procedure only once and I am not a consortium partner of another Applicant;
- b) I do not and will not have a conflict of interest that gives rise, or will give rise, to an unfair advantage against another Applicant;
- c) I have not and/or will not collude with any other Applicant at any point during the tender process;
- d) I will co-operate with any integrity study carried out by or on behalf of the State.

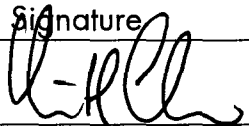
Authorised officer	Company name	Signature
Keith Cochrane	Stagecoach Holdings PLC	

C 3**Minimum requirements**

The Applicant and each consortium partner should respond accordingly to the following questions.

I declare that the Applicant:

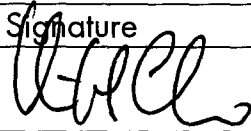
- a) contains at least one Registered Party;
- b) have committed to 100% of the future equity base;
- c) does not include a rolling stock manufacturer nor that any member in part of an industrial group containing a rolling stock manufacturer;
- d) does not contain more than one of the Thalys Partners, either directly or indirectly (through companies belonging to the same Industrial Group as one of the Thalys Partners);
- e) does not include more than two of the transport companies along the HSL-Zuid Corridor;
- f) does not contain a member that is – directly or indirectly – a member of another Applicant.

Authorised officer	Company name	Signature
Keith Cochrane	Stagecoach Holdings PLC	

C 4**The Applicant and each consortium partner should respond accordingly to the following questions.**

I declare that the Applicant:

- a) has adequate experience in operation of train services, with a turnover from such activities of at least 100 million Euro in each of the last 3 accounting years;
- b) has adequate experience in operation of at least one other type of passenger transport services, with a turnover from such activities of at least 10 million Euro in each of the last 3 accounting years;
- c) has adequate insights in the Dutch passenger transport market;
- d) has the ability to raise finance adequate to cover an initial investment, other than for rolling stock, of 50 million Euro and to acquire a performance bond of another 100 million Euro, or comparable security to the benefit of the State.

Authorised officer	Company name	Signature
Keith Cochrane	Stagecoach Holdings PLC	

The Applicant is required to provide adequate proof of the declaration above, e.g. through written statements of a certified auditor (a, b and possibly c), CV's and commitments of managers for the start-up phase of the company (for c) and a letter of comfort of a financial institution (for d).

I enclose copies of our annual review 2000 with details of all of our subsidiary companies and annual accounts. Stagecoach will also be providing a letter of comfort from a financial institution. Our experience on the Dutch Domestic transport market will be provided by PricewaterhouseCoopers corporate finance and their associated Dutch consultants.

Part D Selection criteria

Experience with yield management, electronic ticketing, internet-sales and customer loyalty programmes

Stagecoach has extensive experience in applying all of these skills in bus, light and heavy rail operations. We have been very successful in developing initiatives to exploit the opportunities offered by new technology in the UK rail market both in our own franchise (South West Trains) and those owned jointly with Virgin in the Virgin Rail Group.

Yield management

As a commuter operator, South West Trains has to use yield management techniques to encourage discretionary off-peak market development while still complying with the price controls required by our Regulator on peak fares. By spreading demand across a wider time period we can use our resources more efficiently and improve our profitability. Cheap Day tickets, which are the crudest form of yield management we employ, are used by 36 per cent of the customers carried by SWT. We have been so successful in stimulating the off-peak market we have doubled the service frequency on three of our five routes with a further increase planned in 2001. We have introduced extra evening services on suburban routes and doubled the frequency of Sunday services. We have introduced two products, Apex and Super Advance tickets, which have enabled us to offer discounted tickets in advance on the basis of quota controls. We have the largest database of reservable trains in the UK.

In our Intercity train operating companies, West Coast and CrossCountry, operated in partnership with Virgin, we have been able to persuade a significant proportion of our customer base to transfer to advance purchase tickets. In the year ending April 2000, nearly half of the leisure travellers used yield-managed tickets.

Electronic ticketing

Stagecoach Holdings is a founder shareholder of Prepayment Cards Ltd, a company that has been set up solely for the purpose of exploiting the opportunities presented by electronic ticketing in the transport sector. We have experienced first hand with our bus company in Hong Kong how smartcard technology can bring improved efficiency to the transport sector. We see this as a major advantage to both customers and retailers, which we can export to Europe. We have been working with all of the train operators in the UK, including London Underground, to ensure that we will be able to offer customers an integrated ticketing package rather than simply introducing a smartcard system for South West Trains alone. We understand the need to co-operate with all other operators for the benefit of passengers. Through PCL we are developing smartcard ticketing that can be used on buses as well as trains.

In partnership with Cap Gemini and Virgin we have been developing electronic ticketless travel retailing for West Coast Trains. This company carries a large percentage of business travellers who wish to purchase tickets at very short notice by phone or internet. We have been trying to develop innovative solutions that offer the retailer a cost-effective sales option to the benefit of the customer. We are confident that this partnership will be at the forefront of introducing ticketless travel in the UK.

Internet sales

Stagecoach owns a half share of Trainline.com, the first internet ticketing site in the UK. The site has the highest number of registrations of a train site in the UK and has been the subject of an extensive advertising campaign to raise its profile. We have demonstrated our commitment to investing in innovative new solutions with this project; delivering as it did Internet sales site nearly a year before any other rail group in the UK. Both the Virgin and South West Trains web sites have a click through facility to the Trainline.com.

Customer loyalty programmes

South West Trains has a customer loyalty programme for annual season ticket holders with a current membership of 30,000. We use the Gold service club to communicate our product improvement plans, leisure offers and joint marketing campaigns with other companies. We give members free leisure tickets and easy season ticket renewal facilities. Membership of the customer loyalty programme is still growing.

Virgin Rail Group promote an executive club loyalty programme which is aimed at business class travellers with frequent travel requirements. This programme offers a dedicated telephone and internet booking service, payment by account in arrears, a limited form of ticketless travel or ticket collection on boarding the train as well a number of promotional benefits to stimulate additional use of the train service.

Summary

This section demonstrates experience in managing ticket retailing, yield management and customer loyalty programmes in both commuter and long distance markets. We will be able to draw on this experience in setting up similar systems for both the domestic and international services in the Netherlands.

Experience with multi-modal arrangements involving passenger train services and air, bus and/or metro services

Stagecoach has been the UK leader in train and rail integration in the UK. As the first group to operate a rail franchise and with our experience in bus and light rail operations, we have been able to co-ordinate timetables, journey opportunities and through ticketing.

On taking over the operation of South West Trains Stagecoach immediately introduced 'train buses' which operated as dedicated buses on routes where a rail line had previously been closed under British Rail. We introduced through ticketing and ensured that timetable information was available to all bus and rail users. We consequently extended the virtual train concept with the introduction of several more dedicated bus routes.

We have gained considerable experience of what is required to make integrated transport work in a country which did not integrate its buses and trains particularly well even when both were in public ownership. We understand the effort required persuading numerous transport operators to agree to make information widely available and make ticketing systems compatible with each other when the financial interests of the operators may be marginal and narrow. As an example we have arranged for through rail/bus ticketing to be available in 26 locations involving 13 different operators.

We are currently developing further integration packages as part of our renegotiation for South West Trains. We will finance installing new bus shelters and covered walkways to make the transfer between bus, metro and rail more convenient for the customers. We will also finance real time information systems and make major structural alterations to stations to enable easier interchange. We have diverted many of our existing bus routes to call at stations and published this fact in rail and bus timetable booklets. We have also offered to set up dial a ride taxis at several locations where access to the rail station is difficult without a car. These people carriers will operate as shared taxis for rail passengers.

At Southampton Airport station we have significantly upgraded the station facilities to provide for the needs of Airport users. This is now our most modern best-equipped station with an increased frequency of train service. We also operate two bus links to Heathrow Airport, one from Woking and the other from Feltham. In both cases we have developed through ticketing packages that maximise ease of access and convenience for users. In partnership with the local authority we have offered to open a new station close to Exeter Airport and develop a rail link to Exeter and Salisbury. As part of our franchise renegotiations we have been developing a scheme to provide a rail link between Waterloo and Heathrow, involving a new line (mostly underground) between Staines station and the airport. We have developed timetable plans that would enable a fifteen-minute frequency to be offered throughout the day while still enabling Waterloo to operate as the busiest commuter terminal in Europe. We have offered to procure both the infrastructure and the rolling stock for the service and manage the operation to high standards of punctuality and reliability.

Experience of publicly tendered franchises/concessions for public transport services

Stagecoach Holdings was one of the first private companies to operate privatised bus services and rail franchises in the UK. We have since expanded our interests to include publicly tendered concessions in New Zealand, Australia, Hong Kong, China, North America, Canada and Portugal. We have previously operated in Sweden, Norway and Africa. We have extensive experience of managing complex transport operations in a regulatory and contractual framework.

Our rail interests in the UK consist of South West Trains and Island Line (100 per cent owned by Stagecoach), West Coast Trains and Cross-Country Trains (49 per cent owned by Stagecoach) and Sheffield Super Tram (100 per cent owned by Stagecoach). The combination of these businesses equates to over 25 per cent of the UK rail passenger volume. Three of the franchises required the purchase of new rolling stock as a contractual condition of the franchise, the combined value of which was £1.16 billion. We were required to contractually commit to a timescale and subsidy and to procure and finance the rolling stock at our own risk. We have been able to demonstrate an exceptional track record in this area with SWT being the first operator to get safety acceptance for new electric rolling stock since privatisation. The Virgin Rail Group franchises have procured the biggest rolling stock purchase since privatisation and have done so at a very competitive price. As part of the procurement we have successfully transferred the risk of design and maintenance to the manufacturers with no call on Government until the rolling stock is in passenger earning service.

In all our rail franchises we take the full revenue and cost risk for the duration of the 7 to 15 year term. We have improved the quality of train services and invested in customer led enhancements. We have demonstrated our ability to work effectively with industry Regulators and privatised franchisees as well as the publicly owned London Underground. We have co-operated fully with all these parties and Railtrack over the planning of services and the allocation of costs and revenue.

We have seen an unprecedented growth in patronage on our rail businesses. We believe this experience will be invaluable in making us a successful operator of public transport concessions in mainline Europe.

Experience with the Dutch transport sector over and above the prequalification criterion

We are currently considering a number of potential partners from the Dutch transport sector. We believe it is essential we choose a partner with whom we can work effectively in the long term. Our preference is to identify a private operator able to take strategic decisions in a

similar timescale to us. However this is proving difficult. Our financial advisors have identified a number of public sector operators with desirable experience and we have asked them to approach a large municipal operator on our behalf. We hope to be able to select a preferred candidate shortly after the deadline for submission. We understand that any subsequent changes to the consortium will require permission from the state. As such an addition will enable us to better understand the intricacies of the Dutch market we hope this will be acceptable.

We have access to Dutch experience via our financial advisors, PricewaterhouseCoopers and the Dutch consultants they have connections with. We have previously bid for bus concessions in the Netherlands and have included managers with experience of those bids in the bidding team. If successful we will recruit managers from the Dutch transport sector to strengthen our bidding team.

Experience with operating joint international railway services

We have been considering offering an equity stake-holding to an operator with experience of organising cross border train services. As the majority of European operators with cross border experience are publicly owned, and likely to take a different approach from us on the management and pricing of risk we are concerned that they will make uncomfortable partners.

We have operated international coach services between Norway and Sweden, Malawi, Tanzania and Kenya, Hong Kong, China, Canada and the USA. We have managed the requirements of customs and passport controls, passenger handling at borders and the legal and contractual issues relating to operating through services across different countries. The requirements in Africa and the USA are, we believe, significantly more onerous than those required in Europe.

As the operator of Prestwick Airport we are intimately involved in the arrangements for international passenger and freight transport.

We will also be able to draw on the experience of managers in the Virgin Rail Group. The Commercial Director of the Virgin Rail Group was previously the marketing manager in Eurostar and three of his team had worked in the Eurostar commercial department. Our lead consultant from WSAtkins was previously the Operations Director in Eurotunnel and we would draw on his experience in managing a cross border train service.

Experience with operating rail services in a multi-operator setting, with an independent allocation of railway capacity over several train operating companies

Stagecoach have operated railways in an environment where the infrastructure is supplied by a privatised infrastructure company (Railtrack), where capacity is allocated in a non-discriminatory fashion governed by contractual rights and where we are one of several operators.

We can demonstrate a track record of achievement in this area which is difficult to emulate. At present West Coast Trains operates as one of eighteen independent train operators over the West Coast Main Line. As the only operator of high speed services, its service plans, capacity requirements and track quality aspirations are different from those of its fellow users. Alone of all of the train operators in the UK, West Coast Trains have negotiated a major track upgrade with Railtrack, costing over £650m, to provide faster line speeds and capacity for high speed trains. The first stage is due for completion by 2002.

Our Cross-Country franchise is the only one which runs trains from the north of Scotland to the South Coast, the longest train journeys in the UK. As such it interfaces with every other train operator in the country except the Island Line. We have nevertheless managed to negotiate an upgrade to the quality of services, including doubling frequencies and improving journey times, to take advantage of the new rolling stock being introduced in 2002. We achieved this by negotiating with all the other train operators and Railtrack to identify areas in which other operators could improve their services and would alter their contractual rights to track capacity in return. In this way we were able to achieve a mutually advantageous improvement to train services across the country, which any one operator could have blocked should they have wished.

As South West Trains we operate the busiest commuter terminal in Europe while sharing it with three other operators. We understand the need to work constructively with Railtrack and the other operators to identify areas of common interest and achieving through negotiation what can not be achieved by force. We believe our UK experience has taught us how to develop train services and customer facilities in an environment where no one party can dictate what it wants. We also believe this will be invaluable in planning and operating an international service between Antwerp and Paris and a domestic shuttle service in the Netherlands integrated with NS services.

Experience with operating high-speed rail services, including the procurement of high-speed (over 200kph) rolling stock

Both West Coast trains and Cross-Country trains can operate at 200kph. The West Coast franchise operates more trains than any of the other Intercity franchises and has to contend with planning its trains over a very congested route currently being upgraded for higher speed

operation. We have been able to grow both the business revenue and leisure volumes since taking over the franchise. Both franchises required their whole rolling stock fleets to be replaced as part of the franchise terms. The capital cost of the high-speed rolling stock procurement was £1 billion. The new West Coast train fleet will have a 225kph capability. The onboard service specification has been completely reviewed and all of the customer facing staff are being retrained. We have introduced new enhanced value tickets retailed through a variety of new outlets, including a business executive call centre and the internet site TheTrainline.com.

As the franchise operator we oversaw the design of a procurement process that ensured that appropriate risks (those they were best able to manage) were passed onto suppliers. We separated the competition for financing the rolling stock from that to manufacture it. This allowed us to negotiate the best financing deal as well as the best manufacturing deal and prevented any manufacturer or financier combining to our disadvantage. As well as offering a competitive financing rate we required the leasing companies to take the residual value risk. We required manufacturers to take all of the design and construction risk. Neither party will be paid until the rolling stock, which will have a tilt capability never before successfully used in the UK, is in successful revenue earning service. We used the fact that we were placing the largest rolling stock order of the post privatised railway to leverage contractual concessions from all the bidders. In future we will use the fact that on South West Trains we have a huge (600 vehicles) fleet replacement programme to encourage suppliers to bid competitively on any procurements we initiate.

The procurement for both fleets is on schedule and to budget. As South West Trains we have introduced the first new electric train in passenger earning service well in advance of any of our competitors.

Part E: Declaration

I agree to the submission of the Request for Qualification.

I have read and agree to be bound by the terms and conditions of the Qualification Document.

I confirm that the Request for Qualification is correct insofar as it relates to me.

Authorised officer	Company name	Signature
Keith Cochrane	Stagecoach Holdings PLC	