

Department for
Transport

Northern Rail Limited
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To the Company Secretary

3 January 2007

**NOTICE PURSUANT TO SECTION 55(6) OF THE RAILWAYS ACT 1993
(THE "ACT") AS AMENDED BY THE TRANSPORT ACT 2000 AND AS
AMENDED BY THE RAILWAYS ACT 2005**

The Strategic Rail Authority and Northern Rail Limited entered into a franchise agreement on 18 October 2004 pursuant to section 23(1) of the Act (the "**Franchise Agreement**") and in respect of those passenger services operated by Northern Rail Limited (the "**Franchisee**").

Pursuant to a transfer scheme made under Section 1(2) and Schedule 2 of the Railways Act 2005, the property, rights and liabilities of the Strategic Rail Authority used exclusively or primarily in or for the purposes of the Designated Undertaking (as defined by the transfer scheme) were transferred to the Secretary of State for Transport on 22 July 2005.

Words and expressions defined in the Franchise Agreement have the same meaning when used herein unless the context otherwise implies.

By letter dated 12 October 2006, Northern Rail Limited was notified by the Secretary of State that it had contravened paragraph 4.8(a) of Schedule 1.4 of the Franchise Agreement (the "**Relevant Clause**") by failing to conform to the representations made in the Northern Rail Passenger's Charter through the reservation system offered to passengers wishing to travel on services operated by Northern Rail, with bicycles.

The Franchisee has agreed the following steps in order to secure compliance with the Relevant Clause:

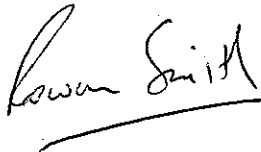
1. Revise the Passenger's Charter, securing the Secretary of State's prior written approval, to reflect the fact that Northern does not operate a bicycle reservation system but that cyclists may take their bicycles on any Northern service on a turn-up-and-go basis, provided there is sufficient space available.

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The Secretary of State, in accordance with Section 55(5B)(a) of the Act is satisfied, having regard to the above-mentioned steps, that the Franchisee is for the time being, taking appropriate steps for the purposes of securing compliance with the Relevant Clause.

The above being the case the Secretary of State hereby gives the Franchisee notice as required under Section 55(6)(a) of the Act, that no provisional or final order shall be made in relation to the contravention.

Please note that a copy of this letter shall be placed on the Secretary of State's public register as required by Section 73(2)(e) of the Act.

A handwritten signature in cursive script, reading "Rowan Smith", written in black ink. The signature is written over a horizontal line.

Rowan Smith
Divisional Manager, North & MML
For and on behalf of Secretary of State