

Notice of Cancellation

**FIRSTGROUP PLC – INTERCITY EAST COAST FRANCHISE
CANCELLATION OF MERGER REFERENCE**

The Competition Commission cancelled the reference concerning the proposed acquisition by FirstGroup plc (FirstGroup) of the InterCity East Coast (ICEC) rail franchise on 11 April 2005. The franchise was tendered by the Strategic Rail Authority (SRA).

The reference was made by the Office of Fair Trading on 21 December 2004, under section 33 of the Enterprise Act 2002. The terms of reference required the Commission to examine:

(a) whether arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation; and

(b) if so, whether the creation of that situation may be expected to result in a substantial lessening of competition within any market or markets in the United Kingdom.

On 22 March 2005 the SRA announced that it had signed the ICEC franchise agreement with GNER. Consequently, FirstGroup could no longer acquire the franchise under its bid.

The Commission has received assurances from FirstGroup and the SRA that the proposed acquisition has been abandoned, as the parties no longer intend to proceed with the transaction. The Chairman of the Group, Diana Guy, having had regard to those assurances, is satisfied that FirstGroup has, within the terms of section 37(1) of the Enterprise Act 2002, abandoned the proposal to make arrangements of the kind mentioned in the reference. The Chairman has consequently cancelled the reference in accordance with powers under Schedule 7 to the Competition Act 1998.

This cancellation is published in accordance with requirements laid down by sections 107(2)(a) and (4) of the Enterprise Act 2002.