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ASX ANNOUNCEMENT

TRANSFIELD SERVICES/TRANSDEV PARTNERSHIP WITH THE STATE GOVERNMENT OF VICTORIA TO OPERATE THE ENTIRE MELBOURNE TRAM NETWORK

MetroLink Victoria Pty Ltd (trading as Yarra Trams), a 50/50 joint venture between Australia's Transfield Services and Europe's Transdev, has today entered into a new 5 year partnership with the State Government of Victoria to operate the entire Melbourne tram network.

Transfield Services is Australia's leading operations and maintenance services provider. Transdev is the world's largest operator of tram and light-rail services.

MetroLink Victoria Pty Ltd was formed in 1998 to bid for one half of the Melbourne tram network following privatisation of the former Public Transport Corporation's tram business. The company won the Yarra Trams franchise and commenced operating services on 29th August 1999.

The new operating agreement will commence on 18th April 2004. Over five years the total cost to Yarra Trams of running the entire Melbourne tram system is expected to be \$1.437 billion. During the partnership the State Government will contract with Yarra Trams to run, maintain and renew the entire tram system.

Yarra Trams will receive a fixed 40% share from the total pool of fare box revenue from the metropolitan public transport system.

The partnership entails the operation and maintenance of services currently provided under the Yarra Trams and M>Tram (formerly Swanston Trams) brands. All the infrastructure assets will be leased from the State Government and Yarra Trams will be responsible for maintenance, upgrade and renewal.

All major construction and network extension projects will remain the responsibility of the State Government.

As a result of the partnership the entire Melbourne tram system will be operated and marketed as Yarra Trams.

Mr Peter Watson, Managing Director of Transfield Services and a member of the MetroLink Victoria board, said today the company welcomed the opportunity to operate all tram services in Melbourne.

"We are delighted that the State Government of Victoria has accepted our proposal to run the entire tram system after a rigorous and detailed re-franchising process.

"Yarra Trams has been a dynamic and successful brand in Melbourne from day one, creating strong passenger loyalty and growth. All staff members have been crucial to the success of the business and without their hard work the company would not have been presented with this opportunity to operate all of Melbourne's world-renowned tram network.

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"This new partnership is not only about building upon the successes of the last four years. It is about thinking ahead and revitalising a long-neglected tram system to provide Melbourne passengers with viable and efficient transport solutions well into the future," he said.

Global Chairman of Transdev, Mr Philippe Segretain, said, "This is a magnificent opportunity to further contribute to Melbourne's status as the world's most liveable city and we are very excited by today's announcement.

"Yarra Trams combines the Australian 'know-how' of Transfield Services with the global experience that Transdev offers in rail-based urban passenger transport systems. Transdev's partnerships have led to the regeneration of many European cities through the re-introduction of tram and light rail systems – and so we are grateful to the State Government for the opportunity to manage tram services across Melbourne.

"We want to continue providing Melbourne with efficient and reliable trams – and we look forward to working with passengers, councils, local business and the government to ensuring the long-term viability of the city's iconic tram network," he said.

Mr Watson added, "The combination of resources, knowledge, technology and business systems by Transfield Services and Transdev has been the key to the success of the Yarra Trams franchise. We have very firm foundations and look forward to making an active and dynamic contribution in Melbourne in partnership with the State Government of Victoria over the next five years".

About Transfield Services

Transfield Services is a leading provider of operations, maintenance and other asset management services across 11 industry sectors, with some 80 contracts across Australia and New Zealand. Its clients include major national and international companies, as well as federal, state and local governments. The company is publicly listed and is included in the S&P/ASX 200. It has more than 5500 employees. The company's turnover in 2002/03 exceeded \$1 billion.

About Transdev

Transdev Australia is the local subsidiary of one of France's largest transport operators and a leading European operator of integrated urban public transport systems. With turnover of more than \$700 million and close to 14,000 employees, Transdev operates 61 urban public transport networks - including bus, light rail, tram and metros - and 35 interurban bus networks around the world.

In Australia, Transdev's partnerships with Transfield Services include Yarra Trams in Melbourne and Brisbane Ferries (through MetroLink Queensland). Shorelink, a private bus operator serving Sydney's northern suburbs, is also run by Transdev.

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