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## Serco joint venture selected as preferred bidder for Northern Rail train operating franchise

Serco Group plc's ("Serco") 50:50 joint venture with NedRailways BV today has been selected by the Strategic Railway Authority ("SRA"), as preferred bidder for the Northern Rail train operating franchise.

This new franchise will provide inter-urban commuter and rural services throughout the north of England. The franchise is due to start in autumn 2004 and contract award is anticipated in the next few months following final negotiations.

The duration of the franchise will be up to eight years and nine months – the final two years dependent on achieving performance targets. After the initial mobilisation and implementation period and costs, we expect the contract to be earnings neutral in 2004 and both earnings and cash positive from 2005 onwards.

On completion of the deal, Serco-NedRailways will be responsible for approximately 4000 employees, 475 stations and the maintenance of a large fleet of diesel and electric multiple trains. The first priority will be to transfer existing operations and ensure Northern Rail, as a single entity, can deliver the early improvements in performance that Serco-NedRailways is committed to. Over the coming months Serco-NedRailways will be working closely with employees and customers to ensure this smooth transfer. Serco-NedRailways already operates Britain's best performing railway, Merseyrail Electrics, having taken the concession over on 20 July 2003.

Serco, twice winner of the UK's National Rail Operator of the Year award for the Docklands Light Railway, has extensive experience of rail passenger services, track and signalling and change management. Serco also operates the Manchester Metrolink, the Copenhagen Metro and the Ghan and Indian Pacific railways in Australia. NedRailways BV adds its expertise of delivering punctual and reliable rail services on high-density urban networks in Holland.

Christopher Hyman, Chief Executive of Serco Group, said: "We are delighted to be selected as preferred bidder for Northern Rail. The PTEs, SRA and DfT have delivered significant improvements to train services in recent times, and Serco-NedRailways aims to continue this improvement. This win adds further to Serco's wide portfolio of contracts and business in the transport sector and is a testament to the growing confidence that the SRA and PTEs have in our ability to bring positive change to public transport.

"The complementary skills and proven experience of our two companies mean we can provide a different and sustainable approach to operating a railway which will improve the reliability of the existing service. We look forward to building proactive relationships with the local community and working with our national and local strategic partners to bring value for money by focusing on the needs of rail customers."

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## Notes to Editors

- The Northern franchise covers local and regional train services across Northern England, providing transport for the conurbations of Greater Manchester, South and West Yorkshire, Tyne, Tees and Wear and parts of Merseyside. It also provides services into a number of National Parks and access to coastal areas, including the Esk Valley line to Whitby and the Cumbrian Coast route.
- At the heart of the operations are the city regions of Leeds, Liverpool, Manchester, Newcastle and Sheffield complemented by a large number of other top leisure and tourism locations including Blackpool, York, four national parks and a wide range of top-class sporting venues.
- Northern Rail's train services will operate over 1675 miles of the national rail network, and its staff of over 4000 will focus on passenger needs through the operation and maintenance of 265 diesel and electric trains, and 475 stations.
- Serco is one of the world's leading public service companies operating on a global basis in a diverse range of sectors, including defence, aerospace and science, public transport and traffic management, health, education, justice and local government.
- Serco was named National Rail Operator of the Year for 2001 and 2002 for its management and operations at Docklands Light Railway.
- More information on Serco can be found at [www.serco.com](http://www.serco.com)