



Issued: 19 October 2004
Release:
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Serco joint venture signs Northern rail train operating franchise

Serco Group plc's ("Serco") 50:50 joint venture with NedRailways BV today has signed a contract with the Strategic Rail Authority and five Passenger Transport Executives to operate the Northern rail train operating franchise.

This new franchise will provide inter-urban commuter and rural services throughout the north of England. Scheduled to start on 12 December 2004, the franchise will run for up to eight and three quarter years, with the final two years dependent on achieving performance targets.

The Serco-NedRailways contract is expected to have a turnover of approximately £4billion over the eight and three quarter year period. After initial mobilisation, the service is expected to be earnings neutral for Serco in 2004 and both earnings and cash positive from 2005.

Building on the success of its other operations in the UK, Serco-NedRailways is focused on delivering year-on-year improvements in train punctuality and performance, modernising ticketing systems and improving the availability and reliability of the rolling stock.

Serco chief executive Chris Hyman said: "Serco's integrated transport business is going from strength to strength. Its track record of successfully delivering improved services to passengers can now be extended to millions of people across the north of England through Serco-NedRailways."

Serco, twice winner of the UK's National Rail Operator of the Year award, has extensive experience of rail passenger services and change management through operating Docklands Light Railway, Manchester Metrolink, Copenhagen Metro and Great Southern Railways in Australia. Serco-NedRailways operates Merseyrail, having taken the concession over in July 2003.

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Notes to Editors

- Serco is one of the world's leading public service companies operating on a global basis in a diverse range of sectors including: public transport and traffic management, defence and aerospace, justice, science, health, education and local government.

- 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'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.

- More information on Serco can be found at www.serco.com