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**Serco joint venture selected as preferred bidder for
£3.6 billion Merseyrail Electric network concession**

Serco Group plc ("Serco") and Dutch rail operator, Ned Railways ("NS"), announced today that they have been selected as preferred bidder for the Merseyrail Electric concession. The contract, which is valued at approximately £3.6 billion over a 25-year period, is due to start on 20 July 2003.

The Serco/NS joint venture offers a unique combination of expertise and experience, providing the scope, skills and resources through which innovative and tangible improvements can be made to the existing service. Serco, the UK's National Rail Operator of the Year for both 2001 and 2002, has considerable experience of rail passenger services, track and signalling and change management, while NS have built up a strong reputation of delivering punctual and reliable rail services on high density urban networks.

The Merseyrail Electric concession covers the operation of the self-contained railway network on both sides of the Mersey, with 66 Stations, 1000 staff and the maintenance of the fleet of trains at two dedicated depots. The immediate priorities will be to ensure that the recent improvement in punctuality and reliability can be sustained in the long term, as well as enhancing the security of passengers and staff and improving the engineering performance of the trains and the conditions of stations.

Christopher Hyman, Chief Executive of Serco Group, said:

"We are delighted to be selected as preferred bidder for Mersey Rail. It represents a significant development in the rail industry and creates new opportunities for us to further develop our transport portfolio.

The complimentary skills and proven experience of our two companies means that we can provide a different and sustainable approach to operating a railway which will deliver real improvements to the reliability of the existing service. We are looking forward to developing proactive relationships with the local community and working with our strategic partners at both a local and national level to deliver real value for money by focusing on the genuine needs of rail customers."

- Ends -

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Notes to Editors

- Serco is an international provider of management services to government and industry. The company covers a wide range of activities, from controlling satellites and operating computer networks for the European Space Agency, to managing and operating the Docklands Light Railway where Serco was recently voted National Rail Operator of the Year, for the second year in succession. The company employs over 34,000 staff in 36 countries.
- More information on Serco can be found at www.serco.com
- Serco/NS is an equal share joint venture arrangement between Serco Group plc and Ned Railways
- Serco/NS is also bidding for the Wales and Borders concession and is currently awaiting the outcome of the competition having submitted its bid.