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### **Legal proceedings between Wackenhut Corrections UK Limited and Serco discontinued**

Serco Group ("Serco ") announces today that Wackenhut Corrections UK Limited ("WCUK") has discontinued its legal action against Serco. The trial of this action was due to begin yesterday.

The proceedings arose when Serco announced that it was exercising its right under the joint venture agreement with WCUK to acquire WCUK's 50% interest in Premier Custodial Group Limited ("PCG") following Group 4 Falck's acquisition of WCUK's parent company, The Wackenhut Corporation on 6 May 2002, which triggered a change of control agreement. WCUK subsequently notified Serco that it disputed Serco's right to acquire WCUK's 50% interest.

With WCUK discontinuing these proceedings the Court has subsequently ordered that Serco is entitled to buy out WCUK's shares in PCG and that WCUK is to pay 100% of Serco's legal costs. The terms of the joint venture agreement provide that on a change of control Serco has the option to acquire for cash WCUK's 50% interest in PCG at 90% of fair market value. The terms of the agreement provide that fair market value is to be determined by expert valuation and that this determination is binding on both parties. The contractual process to determine fair market value should take not more than 7 weeks.

Serco will up-date shareholders in due course, as appropriate.

- **Ends** -

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